

Sugar Refinery Workers, Local Industrial Union 151, Edgewater, N. J.; the New Jersey Women's Club in New York, the Contemporary of Newark, all resolutions, asking the Congress to protect the rights of American labor by the exclusion of the importation of refined sugar produced by cheap labor abroad into the United States; to the Committee on Foreign Affairs.

6165. By Mr. PFEIFER: Petition of the Central Trades and Labor Council of Greater New York and Vicinity, opposing the Neely block-booking movie bill (S. 280); to the Committee on Interstate and Foreign Commerce.

6166. Also, petition of the New York State League of Savings and Loan Associations, New York City, opposing Senate bill 591, to amend the United States Housing Act of 1937; to the Committee on Banking and Currency.

6167. By Mr. KEOGH: Petition of the National Automobile Dealers Association, Detroit, Mich., concerning the Wagner National Labor Relations Act; to the Committee on Labor.

6168. Also, petition of the Central Trades and Labor Council of Greater New York and vicinity, concerning the Neely bill (S. 280); to the Committee on Interstate and Foreign Commerce.

6169. By Mr. VAN ZANDT: Petition of Ruth Bentley Mabee and others, of State College, Pa., urging discontinuance of the Dies committee and asking public support and congressional appropriation for the La Follette Civil Liberties Committee; to the Committee on Rules.

6170. By the SPEAKER: Petition of R. L. Dorn, Spokane, Wash., and others, petitioning consideration of their resolution with reference to the Dies committee; to the Committee on Rules.

6171. Also, petition of Helen Pulman, 2634 North Twenty-eighth Street, Philadelphia, Pa., and others, petitioning consideration of their resolution with reference to the Dies committee; to the Committee on Rules.

## SENATE

TUESDAY, JANUARY 16, 1940

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Eternal God whose sovereign power brings Thee from the unsearchable depths of eternity: We beseech Thee to reveal Thyself unto us as the life of our life, the love of our love, and the soul of our soul.

Give us not only the courage to meet the challenge of our high vocation but also the patience to fulfill the tender obligations of every day's most quiet need. Help us to realize as never before that the fruitful things of life do not come from the abundance of our possessions but from the spirit of understanding of our fellow men; from the sacrament of our friendship for the lonely and distressed; and from the divine quality of our mercy shown to those estranged from life, its beauty, and its holiness. So may we find Thy perfect law of goodness; so may the words of our mouths and the meditations of our hearts become acceptable in Thy sight, O Lord, our Strength and our Redeemer. Through Jesus Christ our Lord. Amen.

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of Monday, January 15, 1940, was dispensed with, and the Journal was approved.

### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 1554) to provide

that the district judge for the western district of Washington, authorized to be appointed under the act of May 31, 1938, shall be a district judge for the eastern and western districts of Washington.

The message also announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 1036. An act to authorize the purchase of certain lands adjacent to the Turtle Mountain Indian Agency in the State of North Dakota; and

S. 1335. An act relating to the filing of affidavits of prejudice in the District Court for the District of Alaska.

The message further announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 1919. An act to provide for the acquisition by the United States of the estate of Patrick Henry in Charlotte County, Va., known as Red Hill; and

S. 1955. An act to authorize the Secretary of Agriculture to delegate certain regulatory functions, and to create the position of Second Assistant Secretary of Agriculture.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 2728. An act to add certain lands to the Cleveland National Forest in Orange County, Calif.;

H. R. 3840. An act to amend the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended, and for other purposes;

H. R. 5757. An act to require that periodicals sent through the mails or introduced into interstate commerce contain the name of the publisher, the place of publication, and for other purposes;

H. R. 6158. An act authorizing the selection of a site in the District of Columbia and the erection thereon of a statue of George Washington;

H. R. 6481. An act to authorize the conveyance of the United States Fish Hatchery property at Put in Bay, Ohio, to the State of Ohio;

H. R. 7342. An act to amend the Emergency Farm Mortgage Act of 1933, as amended;

H. J. Res. 260. Joint resolution authorizing the removal of the statue of John Marshall from its present site on the Capitol Grounds to a new site in proximity to the Supreme Court Building;

H. J. Res. 289. Joint resolution to amend section 5 of Public Law No. 360, Sixty-sixth Congress; and

H. J. Res. 302. Joint resolution to authorize compacts or agreements between or among the States bordering on the Atlantic Ocean with respect to fishing in the territorial waters and bays and inlets of the Atlantic Ocean on which such States border, and for other purposes.

### CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	King	Schwartz
Ashurst	Frazier	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	Lucas	Shipstead
Bankhead	Gibson	Lundeen	Slattery
Barbour	Gillette	McKellar	Smathers
Barkley	Glass	McNary	Stewart
Bilbo	Green	Maloney	Taft
Brown	Guffey	Miller	Thomas, Okla.
Bulow	Gurney	Minton	Tobey
Burke	Hale	Murray	Townsend
Byrd	Harrison	Neely	Truman
Byrnes	Hatch	Norris	Tydings
Capper	Hayden	O'Mahoney	Vandenberg
Chandler	Herring	Overton	Van Nuys
Clark, Idaho	Hill	Pepper	Wagner
Clark, Mo.	Holman	Pittman	Walsh
Connally	Holt	Radcliffe	White
Danaher	Hughes	Reed	Wiley
Davis	Johnson, Calif.	Reynolds	
Donahay	Johnson, Colo.	Russell	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE], the Senator from Arkansas [Mrs. CARAWAY], and the Senator from New Mexico [Mr. CHAVEZ] are absent from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the Senator from Louisiana [Mr. ELLENDER], the Senator from Nevada [Mr. MCCARRAN], the Senator from New York [Mr. MEAD], the Senator from South Carolina [Mr. SMITH], and the Senator from Montana [Mr. WHEELER] are detained from the Senate on important public business.

The Senator from Utah [Mr. THOMAS] is absent on official business for the Special Committee on Civil Liberties.

Mr. AUSTIN. I announce that the Senator from North Dakota [Mr. NYE] is necessarily absent, and that the Senator from Wisconsin [Mr. LA FOLLETTE] is absent on official business.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

#### FIXED AND SEMIFIXED INVESTMENT TRUSTS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Securities and Exchange Commission, transmitting, pursuant to law, a report on fixed and semi-fixed investment trusts, supplementing the Commission's over-all report on its study of investment trusts and investment companies, which was referred to the Committee on Interstate Commerce.

Original manuscript submitted to the Speaker of the House of Representatives.

#### PETITIONS

Mr. HOLT presented a resolution adopted by American Legion Post, No. 12, of Taylor County, W. Va., favoring the prompt enactment of legislation to enlarge and expand the national cemetery at Grafton, W. Va., which was referred to the Committee on Military Affairs.

Mr. CAPPER presented a letter in the nature of a petition from Doran C. Woods, chairman of legislation, and Mrs. F. W. Nichols, president of Parent-Teacher Association; and Prof. Finis M. Green, principal, all of the Theodore Roosevelt Junior High School, Pittsburg, Kans., praying for the enactment of Senate bill 517, to prohibit the advertising of alcoholic beverages over the radio, which was ordered to lie on the table.

#### RECIPROCAL-TRADE AGREEMENTS

Mr. SLATTERY. Mr. President, I present a resolution adopted by the City Council of Chicago, Ill., with reference to the reciprocal-trade policy of the Government, which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Whereas in the present session of Congress, there is contemplated legislation to renew the authority of reciprocal-trade agreements; and

Whereas it is in the best interests of the people of the United States to further these trade agreements for the benefit of increased trade and prosperity; and

Whereas under the leadership of Secretary of State Cordell Hull, these trade agreements, during the past year, have encouraged the sale of American goods abroad and have brought about a closer union of the nations that participated in the agreement, especially the pan-American republics; and

Whereas the preservation of a free economy is of fundamental importance to all nations; and

Whereas industrial communities, and especially the city of Chicago, will continue to find a wide foreign market for their commodities by reason of our present trade program: Therefore be it hereby

Resolved, That the City Council of Chicago express its approval of the reciprocal-trade policy of our Government and go on record favoring the continuance thereof.

#### REPORTS OF COMMITTEE ON MILITARY AFFAIRS

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2122) to authorize the sale of the Wilnot National Guard target range, Arizona, reported it with an amendment and submitted a report (No. 1156) thereon.

Mr. AUSTIN, from the Committee on Military Affairs, to which was referred the bill (H. R. 3931) for the relief of Charles H. LeGay, reported it without amendment and submitted a report (No. 1157) thereon.

Mr. MINTON, from the Committee on Military Affairs, to which was referred the bill (S. 2782) for the relief of Harold W. Kinderman, reported it without amendment and submitted a report (No. 1158) thereon.

#### BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BAILEY:

S. 3122. A bill for the relief of Josie Styron Easley; to the Committee on Claims.

By Mr. GILLETTE:

S. 3123. A bill for the relief of Joseph Dolak, father of Gene Dolak, deceased; to the Committee on Claims.

By Mr. KING:

S. 3124. A bill amending the act for the regulation of the practice of dentistry in the District of Columbia, and for the protection of the people from empiricism in relation thereto, approved June 6, 1892, and acts amendatory thereof; to the Committee on the District of Columbia.

By Mr. PEPPER:

S. 3125. A bill to authorize research by the Public Health Service relating to the cause, diagnosis, and treatment of the common cold, "flu," and pneumonia; to the Committee on Finance.

By Mr. SHEPPARD:

S. 3126. A bill relating to personal-injury suits by seamen, and to amend the act of March 4, 1915 (ch. 153, sec. 136, 38 Stat. 1135, act of June 5, 1920 (ch. 250, art. 33, 41 Stat. 1007); to the Committee on Commerce.

S. 3127. A bill relating to Reserve medical officers qualified as flight surgeons;

S. 3128. A bill relating to the retirement of certain commissioned and warrant officers of the Army;

S. 3129. A bill relating to the military record of Lt. Col. Herbert B. Hayden, United States Army, retired; and

S. 3130. A bill relating to the citizenship and compensation of certain employees on military construction work in the Panama Canal Zone; to the Committee on Military Affairs.

By Mr. HILL:

S. 3131. A bill to extend the benefits of the United States Employees' Compensation Act to members of the Officers' Reserve Corps and of the Enlisted Reserve Corps of the Army who were physically injured in line of duty while performing active duty or engaged in authorized training between dates of February 28, 1925, and July 15, 1939, both inclusive, and for other purposes; to the Committee on Military Affairs.

(Mr. KING subsequently introduced Senate bill 3132, which was referred to the Committee on Banking and Currency and appears under a separate heading.)

By Mr. THOMAS of Oklahoma:

S. 3133 (by request). A bill for the relief of the Cherokee Indian Nation or Tribe, and for other purposes; to the Committee on Indian Affairs.

S. 3134. A bill for the relief of James T. Bingham (with accompanying papers); to the Committee on Military Affairs.

By Mr. JOHNSON of Colorado:

S. 3135. A bill to amend subsection (f) of section 1 of the act entitled "An act to establish a retirement system for employees of carriers subject to the Interstate Commerce Act, and for other purposes," approved August 29, 1935, as amended; to the Committee on Interstate Commerce.

By Mr. O'MAHONEY:

S. 3136. A bill to authorize an appropriation for the construction of small reservoirs under the Federal reclamation laws; to the Committee on Irrigation and Reclamation.

By Mr. PEPPER:

S. J. Res. 198. Joint resolution to authorize the United States Maritime Commission to acquire certain lands at St. Petersburg, Fla.; to the Committee on Commerce.



S. J. Res. 199. Joint resolution amending Public Resolution No. 112 of the Seventy-fifth Congress, and Public Resolution No. 48 of the Seventy-sixth Congress; to the Committee to Audit and Control the Contingent Expenses of the Senate.

#### HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H. R. 2728. An act to add certain lands to the Cleveland National Forest in Orange County, Calif.; to the Committee on Public Lands and Surveys.

H. R. 3840. An act to amend the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended, and for other purposes; to the Committee on Military Affairs.

H. R. 5757. An act to require that periodicals sent through the mails or introduced into interstate commerce contain the name of the publisher, the place of publication, and for other purposes; to the Committee on Post Offices and Post Roads.

H. R. 7342. An act to amend the Emergency Farm Mortgage Act of 1933, as amended; to the Committee on Agriculture and Forestry.

H. R. 6158. An act authorizing the selection of a site in the District of Columbia and the erection thereon of a statue of George Washington; and

H. J. Res. 260. Joint resolution authorizing the removal of the statue of John Marshall from its present site on the Capitol Grounds to a new site in proximity to the Supreme Court Building; to the Committee on the Library.

H. J. Res. 289. Joint resolution to amend section 5 of Public Law No. 360, Sixty-sixth Congress; to the Committee on Indian Affairs.

H. R. 6481. An act to authorize the conveyance of the United States fish-hatchery property at Put in Bay, Ohio, to the State of Ohio; and

H. J. Res. 302. Joint resolution to authorize compacts or agreements between or among the States bordering on the Atlantic Ocean with respect to fishing in the territorial waters and bays and inlets of the Atlantic Ocean on which such States border, and for other purposes; to the Committee on Commerce.

#### AMENDMENT TO SUPPLEMENTAL MILITARY APPROPRIATION BILL—SURVEYS AND MAPPING

Mr. HAYDEN submitted an amendment intended to be proposed by him to House bill 7805, making supplemental appropriations for the Military and Naval Establishments, and so forth, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 14, after line 19, insert a new paragraph as follows:

##### "SURVEYS AND MAPPING

"Of the money appropriated by this title not to exceed \$5,000,000 may be expended for the fiscal year ending June 30, 1940, for topographic surveys and mapping as proposed in Senate Document No. 54 (76th Cong., 1st sess.): *Provided*, That such funds may be expended for the same objects (but not limited to the amounts specified for such objects) enumerated in the Interior Department Appropriation Act for the fiscal year ending June 30, 1940, under the heading 'Geological Survey'."

#### AMENDMENTS TO THE INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. KING submitted an amendment intended to be proposed by him to the Interior Department appropriation bill, fiscal year 1941, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

Under the caption "Bureau of Reclamation" and the subheading "Reclamation fund, special fund construction," strike out "Provo River project, Utah, \$750,000" and in lieu thereof insert "Provo River project, Utah, \$3,500,000."

Mr. O'MAHONEY submitted an amendment proposing to appropriate \$1,000,000 for investigation, survey, and construction of water-conservation and utilization projects in the State of Wyoming, in accordance with law, intended to be proposed by him to the Interior Department appropriation bill, fiscal year 1941, which was referred to the Committee on Appropriations and ordered to be printed.

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#### ADVISORY COUNCIL ON EMPLOYMENT SECURITY

Mr. WAGNER. I submit a concurrent resolution, together with an explanatory statement, and ask that the explanatory statement, together with two editorials, may be printed in the RECORD following the concurrent resolution.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The concurrent resolution (S. Con. Res. 34) was read and referred to the Committee on Finance, as follows:

*Resolved by the Senate (the House of Representatives concurring), That there is hereby authorized to be established by the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives, in cooperation with the Social Security Board, an Advisory Council on Employment Security, representing employers, employees, and the general public, to study and report to said committees on the following matters:*

1. Scope and coverage of unemployment insurance laws.
2. Amount, character, and duration of, and eligibility and disqualification for, unemployment insurance benefits.
3. Advisability and nature of individual employer and State unemployment experience ratings for tax purposes.
4. Size, character, adequacy, and disposition of unemployment insurance reserves.
5. Source, character, and method of financing unemployment insurance and placement activities.
6. Coordination of unemployment insurance with other forms of social insurance, and with relief, work relief, and other programs for alleviating economic distress and promoting job opportunities among the unemployed.
7. Pertinent experience in the operation and administration of existing laws.
8. Any other matters which either of the above-mentioned committees or the Social Security Board may deem relevant to the inquiry.

Sec. 2. The Social Security Board shall furnish all necessary technical assistance in connection with such study.

Sec. 3. The council shall file the first preliminary report of its findings and recommendations on or before January 1, 1941, and shall file its final report not later than January 1, 1942.

The explanatory statement and editorials submitted by Mr. WAGNER are as follows:

#### RESOLUTION TO ESTABLISH ADVISORY COUNCIL ON EMPLOYMENT SECURITY

Since the enactment of the Social Security Act in 1935 public discussion of amendments has been concerned almost exclusively with old-age security. Gratifying and far-reaching improvements in our old-age insurance system were enacted last year and are now being put in operation, following the report of the Advisory Council established in 1937. The time is clearly at hand for the consideration of other social-security problems of equally pressing national concern.

While old-age insurance looks largely to the long future, the Federal Government's stake in the effective functioning of unemployment insurance, in diminishing the relief load and cushioning national purchasing power, is immediate and substantial. About 27,000,000 wage earners are covered under the present Federal-State unemployment insurance program. In 1939, although industrial production mounted to 1929 levels, between nine and ten million workers searched in vain for gainful employment in private industry. Unemployment insurance payments were made to 4,500,000 unemployed workers in an amount exceeding \$425,000,000. The average duration of benefits among the totally unemployed was 9½ weeks.

The Social Security Board and the States, in their respective spheres, have launched the unemployment-insurance program under particularly trying circumstances, and benefits are now payable in every State. Notwithstanding present accomplishments, increasing administrative experience and changing economic conditions have presented many knotty problems in administration, tax rates, reserves, and benefit payments. These problems must be solved if unemployment insurance is to become a truly effective first line of defense against the economic hazards of unemployment.

A Nation-wide advisory council on employment security would give proper perspective to various efforts for amendment and achieve for the entire system that expert guidance and progressive development which characterized the old-age-insurance amendments. In so doing we would be following the example of Great Britain, where the Ministry of Labor is assisted by an unemployment-insurance statutory committee, which acts in an advisory capacity on questions relating to the operation of the program.

The proposed advisory council will be established by the Senate Finance Committee and the House Ways and Means Committee, in cooperation with the Social Security Board. It would consist of experts representing employers, employees, and the general public. No appropriation is authorized; the Social Security Board, as in the case of the former Advisory Council, would render all necessary technical assistance.

The council is directed to study and report to the above-named committees on the following aspects of the problem:

1. Scope and coverage of unemployment-insurance laws.
2. Amount, character, and duration of, and eligibility and disqualification for, unemployment-insurance benefits.

3. Advisability and nature of individual employer and State unemployment-experience ratings for tax purposes.

4. Size, character, adequacy, and disposition of unemployment-insurance reserves.

5. Source, character, and method of financing unemployment-insurance and placement activities.

6. Coordination of unemployment insurance with other forms of social insurance, and with relief, work relief, and other programs for alleviating economic distress and promoting job opportunities among the unemployed.

7. Pertinent experience in the operation and administration of existing laws.

8. Any other matters which either of the above-mentioned committees or the Social Security Board may deem relevant to the inquiry.

These specifications cover in broad outline the manifold problems which could properly be considered by the advisory council. Following the example set by the memorandum under which the Advisory Council on Old Age was established, these authorizations are stated in broad terms in order that the council may not be unduly restricted in following lines of study which may seem to it advisable.

The council is directed to make its first preliminary report not later than January 1, 1941, and its final report not later than January 1, 1942.

A similar proposal was offered by me at the close of the last regular session as an amendment to the revised social-security bill providing for an unemployment insurance advisory council. It passed the Senate by unanimous vote, but failed of adoption because, I am informed, the conferees believed the matter should be dealt with in a separate resolution such as I am now offering.

This resolution proposes a sound mechanism for constructive advances toward the solution of our foremost domestic problem—full employment security.

[From the New York Times of July 28, 1939]

#### UNEMPLOYMENT INSURANCE

It would be deeply regrettable if the House and Senate conferees did not retain the amendment to the revised social-security bill providing for an unemployment insurance advisory council. Such a body is clearly needed to give the problem of unemployment insurance the same careful study that the Social Security Advisory Council was able to give to the problem of old-age insurance. No one can doubt the great value of the work done by the latter body. Congress acknowledged that value in the handsomest way by adopting the substance of the Council's suggestions in the new bill, even though these differed very sharply in principle as well as detail from the provisions of the present law.

Unemployment insurance is not a simple but a difficult problem. We have never recognized clearly, for example, what its relations are or ought to be to the whole broad problem of relief. As a result, our State unemployment insurance laws contain some very dubious provisions which the unemployment-insurance section of the new bill will make worse rather than better.

If the conferees do not see fit to retain the Wagner amendment in the new bill, then certainly Congress should act to establish an unemployment insurance advisory council by passing a joint resolution to that effect.

[From Social Security (published by the American Association for Social Security) for June-July 1939]

#### URGENTLY NEEDED—A COMMISSION TO STUDY UNEMPLOYMENT INSURANCE

The amended Social Security Act, as passed by the House of Representatives, strikingly reveals a most profound contrast between the changes in the old-age-insurance system and those in the unemployment-insurance program. Whereas the changes in the old-age-insurance system are constructive, realistic, and in line with the principles of social insurance, the unemployment-insurance amendments not only continue all the incorporated fallacies but may even make confusion worse confounded.

The explanation is not far to seek. The changes in the old-age-insurance program are wise because some 2 years ago the Senate Finance Committee and the Social Security Board created an Advisory Council to study this question. This Council, composed of outstanding representatives of employers, labor, and the public, did what harassed congressional committees cannot possibly do—it spent nearly 18 months carefully and deliberately studying the various issues involved. When its recommendations were made, Congress was only too glad to follow most of them.

The association is convinced that constructive changes in the unemployment-insurance program will come only after thorough study by a similar group. The problems involved here are too intricate and complex for overburdened congressional committees. The creation of a committee or council, similar to the Advisory Council set up 2 years ago for old-age insurance, to study the various problems of unemployment insurance is therefore urgently needed. Only such a group will be able to give the question thorough consideration and shed the necessary light on this problem. The Senate Finance Committee should not delay in creating such a body or in recreating the old Council for the study of unemployment-insurance problems as well as the problems of old-age assistance.

#### RECOGNITION OF STATE OF WAR BETWEEN RUSSIA AND FINLAND

Mr. DANAHER. Mr. President, I send to the desk a concurrent resolution and respectfully ask unanimous consent that it be read forthwith.

The VICE PRESIDENT. The concurrent resolution will be read.

The concurrent resolution (S. Con. Res. 35) was read as follows:

Whereas for these last many weeks the world, including the United States, has unhappily been advised of the existence of war between the Union of Soviet Socialist Republics and the Republic of Finland; and

Whereas daily intelligence from abroad has moved our people to deepest sympathy for those who, through no fault of their own, find themselves embroiled in such war; and

Whereas the daily press is replete with accounts of the battles between vast armies of said nations and of bombing attacks and reprisals therefor upon the part of the said belligerents; and

Whereas notwithstanding the provisions of section 1 of the joint resolution of Congress approved November 4, 1939, the President of the United States has failed to "find that there exists a state of war" or "that it is necessary to promote the security or preserve the peace of the United States or to protect the lives of citizens of the United States," or any of such facts; and

Whereas pursuant to said section 1 of said joint resolution "the Congress by concurrent resolution" may find that there exists such a state of war between said foreign states and that it is necessary to promote the security of the United States or to preserve the peace of the United States; and

Whereas the United States desires to preserve its neutrality in said war and desires also to avoid involvement therein: Now, therefore, be it

*Resolved by the Senate (the House of Representative concurring),*

1. There exists a state of war between the Union of Soviet Socialist Republics and the Republic of Finland.

2. The westward movement of the armies of said Union of Soviet Socialist Republics threatens to result in the conquest of the Republic of Finland and in other and grave threats to the peace and security of nations other than those already proclaimed at war by the President of the United States in his proclamation dated November 4, 1939.

3. It is necessary to promote the security of the United States.

4. It is necessary to preserve the peace of the United States.

5. Because of the existence of said state of war and because of the necessity to promote the security of the United States it is imperative that the President issue a proclamation naming the Union of Soviet Socialist Republics and the Republic of Finland as the states involved in said war.

6. Because of the existence of said state of war and because of the necessity to preserve the peace of the United States it is imperative that the President issue a proclamation naming the Union of Soviet Socialist Republics and the Republic of Finland as the states involved in said war.

7. The United States reaffirms its asserted neutrality in wars between all foreign states and between the aforesaid states in particular, and desires to maintain its integrity as a neutral nation.

The VICE PRESIDENT. Does the Senator desire the concurrent resolution referred to a committee?

Mr. DANAHER. I respectfully ask that it be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. It will be so referred.

#### LOANS TO FINLAND

Mr. KING. Mr. President, I am advised that there has been introduced by the Senator from Michigan [Mr. BROWN] a bill, which is pending before the Committee on Banking and Currency, the purpose of which is to extend credit, directly or indirectly—I am not sufficiently conversant with it to determine as to that—to the Republic of Finland. I express no opinion as to whether that bill should be enacted into law. I believe, however, that it should receive consideration at the hands of the Congress.

I have been repeatedly asked to introduce, for the consideration of the Senate, a bill for the extension of credit to agencies of Finland, primarily to enable them to obtain food supplies in the United States. In view of the concurrent resolution just submitted by the Senator from Connecticut [Mr. DANAHER], which will undoubtedly receive consideration by the appropriate committee, I invite attention to the bill introduced by the Senator from Michigan; and, at the request of a number of citizens, I now introduce a bill to enable Finland to finance the purchase of articles and materials grown or manufactured in the United States.



The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3132) authorizing the Reconstruction Finance Corporation to make certain loans to the Republic of Finland, was read twice by its title.

Mr. KING. Mr. President, I express no opinion as to what course our Government should pursue in giving aid to the heroic people of Finland, who are fighting against a powerful foe for the preservation of their liberty. Finland is not a belligerent in the sense that she engaged in military activities. Finland is being invaded by the army of one of the most powerful governments of the world. Her towns, cities, and hamlets are being bombed and destroyed, and men, women, and children—noncombatants—are the victims of a most fiendish war of extermination being carried on by Stalin and his army.

As I stated, I make no suggestion as to what course should be pursued in extending loans and credits; but the concurrent resolution which was submitted by the Senator from Connecticut [Mr. DANAHY], together with the bill introduced recently by the Senator from Michigan [Mr. BROWN], will be considered by the appropriate committees. I ask that the bill which I have been requested to introduce be referred to the same committee to which the bill introduced by the Senator from Michigan has been referred, so that the entire matter may be considered at the same time.

The VICE PRESIDENT. Without objection, the bill introduced by the Senator from Utah [Mr. KING] will be referred to the Committee on Banking and Currency.

#### RECOGNITION OF STATE OF WAR BETWEEN JAPAN AND CHINA

Mr. GILLETTE. Mr. President, I submit a concurrent resolution which I ask to have referred to the Committee on Foreign Relations.

The concurrent resolution (S. Con. Res. 36) was read and referred to the Committee on Foreign Relations, as follows:

Whereas section 1 (a) of the Neutrality Act of 1939 provides:

"That whenever the President, or the Congress by concurrent resolution, shall find that there exists a state of war between foreign states, and that it is necessary to promote the security or preserve the peace of the United States or to protect the lives of citizens of the United States, the President shall issue a proclamation naming the states involved; and he shall, from time to time, by proclamation, name other states as and when they may become involved in the war": Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring), That the Congress (1) hereby finds that a state of war exists between the Empire of Japan and the Republic of China and that it is necessary to promote the security and preserve the peace of the United States and to protect the lives of citizens of the United States; and (2) requests the President to issue a proclamation in accordance with the provisions of section 1 (a) of the Neutrality Act of 1939.*

Mr. GILLETTE. Mr. President, in connection with the concurrent resolution submitted by me, let me say that it proposes a finding on the part of Congress that a state of war exists between the Empire of Japan and the Republic of China.

Mr. President, I did not take this action without long and careful consideration, and my hesitation was influenced by two important factors. One was that I feel, and have always felt, that the line of demarcation between any two of the coordinate branches of Government should be strongly marked. I was also impressed, as I am sure every other American has been impressed, with the superb way in which the State Department has handled our international relations, and particularly with reference to the continued state of affairs in the Far East, consistently maintaining a position on the part of the United States which cannot be misunderstood by any nation.

In addition to this consideration, I realized that it would be a step toward putting into effect the present neutrality law, with its consequent restrictions on American commerce, which is a very serious factor, and one which should not be taken lightly in determining our course with reference to a matter of this kind. However, after weighing these considerations, I decided to offer the concurrent resolution

because the present law, in section 1 (a), places on the Congress a responsibility corresponding with that which has been placed on the President in the matter of finding a condition of war to exist if and when it does exist throughout the world.

I wish to take just a few minutes of the time of the Senate to read into the RECORD two excerpts which I feel will be of intense interest to every Member of the Senate. First, I wish to read from an address delivered by Admiral H. E. Yarnell, retired, who from July 1936 to July 25, 1939, handled the affairs of this country as Commander of the Asiatic Fleet in a way which elicited, and justified, I am sure, the complimentary opinion of the world. In an address in New York last month Admiral Yarnell said, in part:

There is taking place in the Far East a war that has caused in the 2 years and more of its duration more death, destruction, misery, and suffering than resulted from the Great World War of 25 years ago. This is a statement that may be challenged, but I believe it is true.

Forty million people in China have been driven from their homes to far distant areas. Of these 40,000,000, it is a conservative estimate that from five to ten millions have died of disease, privation, and starvation.

Over 2,000,000 Chinese soldiers have been killed in battle and four or five millions have been wounded.

Two million people were driven from their homes in the fighting that took place in the vicinity of Shanghai. Most of their homes were destroyed. \* \* \*

In April of this year, I made a cruise up the Yangtze as far as Hankow. The river, this great artery of central China, was devoid of life except for Japanese transports and men-of-war. Not a sign of life could be seen in many of the towns and villages. \* \* \* Canton was a city of 1,000,000 population, and less than 100,000 remained when it was occupied by the Japanese.

Let me add further for the RECORD an excerpt from a statement made last month by Dr. Walter H. Judd, who also appeared before the Committee on Foreign Relations of this body. Dr. Judd said, in part:

Japan's Premier officially announced that her objective was to "beat China to her knees until there can no longer be any spirit of resistance." The methods used for accomplishing that end, ranging from terrorism and bombs to narcotics and economic enslavement, have been observed and reported by hundreds of absolutely dependable American witnesses. They have set an all-time high for barbarity and ruthlessness.

Despite the revulsion of American citizens at Japan's conduct, and our numerous notes and speeches protesting Japan's more than 600 violations of American rights under the treaties, we have been, and still are, allowing Japan unlimited access to our markets and materials. We are the unofficial but indispensable partners in Japan's crime. We are furnishing a steadily increasing percentage of the essential war materials which Japan herself does not have, and which alone enable her to destroy China—in violation of the very treaty we sponsored and persuaded China to accept. In 1937 we supplied 54 percent; in 1938, 56 percent. Since war broke out in Europe, and England cannot supply her 21 percent, or Germany her 8 percent, Japan's purchases from us jumped 21 percent between last August and October. Was there ever a time in the world's history when a single nation had such gigantic power over the destinies of one-fourth of all the human beings in the world as our country has today through its financial, industrial, and material strength alone? And with that kind of power goes terrific responsibility.

For example, over 90 percent of Japan's aviation gasoline is American. The largest shipment in 2 years left last month from San Pedro harbor—almost 2,000,000 gallons of 92-octane-rating gasoline in one vessel. An embargo on this one item alone could practically stop the bombings of open cities which we so piously condemn.

If I may interpolate there, he is referring again to the effect it might have on our legitimate trade. Let me quote further:

Over 90 percent of Japan's scrap iron and steel and copper she gets from the United States. Special steels and alloys, trucks, lumber, lubricating oils, leather, go from our ports every week. As Japan's purchases of war materials have risen to 71 percent of her imports from us, she must buy that much less of our more stable peacetime exports, which causes corresponding suffering to the Americans in those industries. Our sales of other than war materials to Japan have fallen off disastrously in the last 2 years. For instance, Japan was the largest foreign buyer of our most depressed commodity—cotton. From \$56,000,000 worth in the first 8 months of 1937, our exports of cotton to Japan have fallen off to \$22,000,000 worth in the same period of 1939—a loss of 61 percent.

Having in mind these various factors, Mr. President, I felt justified in submitting a concurrent resolution on which the

Congress of the United States could base its responsibility under the peace act of 1939.

#### SURVEY OF INDIAN CONDITIONS

Mr. THOMAS of Oklahoma submitted the following resolution (S. Res. 217), which was referred to the Committee on Indian Affairs:

*Resolved*, That Senate Resolution 79, agreed to February 2, 1928, and continued by subsequent resolutions, authorizing the Committee on Indian Affairs, or any subcommittee thereof, to make a general survey of the condition of the Indians in the United States, hereby is continued in full force and effect during the Seventy-seventh and succeeding Congresses.

#### APPROPRIATIONS FOR THE UNITED STATES HOUSING ADMINISTRATION

Mr. LODGE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a brief letter from Prof. Charles W. Killam, of Harvard University, relating to the United States Housing Administration. Professor Killam was chairman of the Cambridge Housing Authority, and I think his letter will be of great interest to all the Members of the Senate.

The VICE PRESIDENT. Is there objection to the request of the Senator from Massachusetts?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CAMBRIDGE, MASS., January 13, 1940.

HON. HENRY CABOT LODGE,

Senate Office Building, Washington, D. C.

DEAR SIR: As former chairman of the Cambridge Housing Authority and for many years interested and active in matters of building codes, tenement-house legislation, zoning codes, city planning, and low-cost housing, I respectfully urge careful consideration of the bases upon which the United States Housing Authority should be given more money.

I believe that it should be made perfectly clear by the wording of the act and by all publicity of the Authority that the amortization and interest of loans is not paid from income from the project but from the "annual contributions" from the Government; that is, the Government taxes the people as a whole to pay principal and interest on its own loans to house a relatively small part of the people.

Slum clearances in cities are made difficult by the high land costs; therefore, that land should not be limited in its economical development by undue restrictions on the land coverage and building heights.

New Towne Court in Cambridge is an example of only 20 percent coverage and three-story buildings on an area costing about \$2.88 per square foot for land, exclusive of streets given by the city. This coverage and this height limit are grotesquely out of line with Cambridge apartment-house practice in general. New Towne Court was a Public Works Administration project, but the United States Housing Authority regulations, as published in Summary of General Requirements and Minimum Standards for United States Housing Authority-Aided Projects, United States Housing Authority, 699, July 13, 1939, though less extravagant, are still so severe that they are likely to make subsidy costs so high that the benefits of low-cost housing will not be extended to as many people as would be possible by a more realistic and economical use of these great sums.

Land coverage is limited to a maximum of 35 percent by the printed regulations of the United States Housing Authority, but the enforcement is evidently keeping the coverage still less. The average coverage of high-grade apartment houses in Cambridge is about 57 percent and these apartment districts have not become slums. There is no reason why poor people, housed in very large part by public grants, should have so much more light and air than the self-supporting taxpayers who supply the public grants.

If poor people insist upon living close in to metropolitan centers, they should not expect the Federal Government to supply them with wide open spaces, playgrounds, swimming and wading pools, recreation buildings, and other amenities which apartment-house dwellers cannot afford and which large areas of adjacent remaining slums cannot afford.

These facilities should be provided by the municipality in any neighborhood where there are children, rich or poor, and they should be open freely to the whole neighborhood, not to tenants of the project alone. Playgrounds for small children can be provided on roofs or in basements; larger children and adults should go to the same playgrounds and neighborhood centers as the rest of the population. If the municipality refuses to provide these municipal needs for the neighborhood as a whole, the United States Housing Authority should refuse to pay for a project which provides only for its own lucky group.

The regulations and standards issued by the Administrator should be studied by Congress before granting additional millions. Standards should not be set altogether by starry-eyed reformers, but the point of view of people who have had practical and responsible experience in these matters should be incorporated. The oft-repeated statements by United States Housing Authority employees that housing is allowed to be a local matter should be

checked up to see how much the local authorities are limited by the regulations of the Administrator.

The United States Housing Authority Act, section 7 (a), states that "the Authority may publish and disseminate information pertinent to the various aspects of housing." This dissemination has been entirely inadequate in proportion to the \$800,000,000 appropriated to the Authority. We are told that funds requested for research were refused by Congress. If the Government is to continue to give away great sums of money for low-cost housing, it may well authorize substantial sums for research. The \$198,000 appropriated for the National Bureau of Standards for research in materials and methods suitable for use in low-cost housing is entirely inadequate. Economies in building construction, as well as in standards and use of land, can only be discovered by thorough research concentrated on that subject, and the benefits of low-cost housing can reach large numbers of those most in need only on the basis of much more economical results than at present possible.

Much more technical information should be available from the experience and research of the Public Works Administration and the United States Housing Authority, and this information should be made available as freely as practicable, not only to local authorities but to the whole building industry, private as well as public. There ought to be valuable technical information available as a byproduct of the billion-dollar expenditures already appropriated for housing. Too much of the information disseminated by the United States Housing Authority is propaganda to persuade localities into asking for new projects. Localities ought to be free to make up their minds with the aid of information furnished from Washington, but the United States Housing Authority employees should not take sides in the local discussion.

Publications and speeches of the Administrator and his traveling subordinates spend too much time and money in urging more housing and too little time and money in finding out what the localities actually need and how that need can be most economically met.

Subsidized low-cost housing suffers from immoderate friends and immoderate enemies. It needs friendly and constructive critics.

Yours sincerely,

CHARLES W. KILLAM.

#### TREND OF LABOR DISPUTES UNDER NATIONAL LABOR RELATIONS ACT

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a letter addressed by him to the New York Herald Tribune with reference to the National Labor Relations Act, an editorial by Bernarr Macfadden published in Liberty magazine on the same subject, and a reply thereto, also published in Liberty magazine, which appear in the Appendix.]

#### STATEMENT BY HON. AUGUSTINE LONERGAN ON RECIPROCAL-TRADE AGREEMENTS

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD a statement by former Senator Augustine Lonergan made at a meeting of New England businessmen at Greenfield, Mass., in February 1938, relative to the reciprocal-trade agreements, which appears in the Appendix.]

#### ADDRESS BY MISS JEANNETTE RANKIN FOR THE BUSINESS AND PROFESSIONAL WOMEN'S CLUB, HELENA, MONT.

[Mr. FRAZIER asked and obtained leave to have printed in the RECORD a radio address delivered by Miss Jeannette Rankin, former Member of Congress, for the Business and Professional Women's Club of Helena, Mont., on September 29, 1939, which appears in the Appendix.]

#### ARTICLE BY WALTER LIPPMANN ON PROPOSED LOAN TO FINLAND

[Mr. KING asked and obtained leave to have printed in the RECORD an article entitled "The Case for a Finnish Loan," written by Walter Lippmann and published in the Washington Post of Tuesday, January 16, 1940, which appears in the Appendix.]

#### ARTICLE BY H. ELIOT KAPLAN ON POLITICAL PRIVILEGES IN PUBLIC OFFICE

[Mr. HATCH asked and obtained leave to have printed in the RECORD an article by H. Eliot Kaplan entitled "Political Privileges in Public Office," which appears in the Appendix.]

#### EDITORIAL BY RAYMOND MOLEY ON ASSOCIATE JUSTICE FRANK MURPHY

[Mr. BURKE asked and obtained leave to have printed in the RECORD a portion of an editorial by Raymond Moley published in Newsweek for January 15, 1940, relative to Associate Justice Frank Murphy, of the United States Supreme Court, which appears in the Appendix.]

#### EDITORIAL BY CARL GOERCH ON HIGHWAY DEATHS

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an editorial on the subject of highway deaths



written by Carl Goerch and published in the State magazine, of Raleigh, N. C., which appears in the Appendix.]

EDITORIAL IN NEW YORK HERALD TRIBUNE ON FEDERAL HOUSING ADMINISTRATION

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an editorial from the New York Herald Tribune of January 8, 1940, relative to the Federal Housing Administration, which appears in the Appendix.]

#### CITIZENSHIP FOR PEOPLE OF GUAM

[Mr. GIBSON asked and obtained leave to have printed in the RECORD a resolution adopted by the Young Men's League of Guam on October 23, 1939, relative to citizenship for the people of Guam, which appears in the Appendix.]

#### EXECUTIVE SESSION

The VICE PRESIDENT. The routine morning business is closed.

Mr. BARKLEY. Mr. President, in view of the large number of nominations in which Senators are interested, and their desire to dispose of them promptly, I ask unanimous consent that the Senate now proceed to the consideration of executive business, at the conclusion of which the Senate will automatically resume the consideration of legislative business.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky?

There being no objection, the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting several judicial nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

#### EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Appropriations, reported favorably the following nominations:

Lawrence Westbrook, of Texas, to be regional director, region VI, Work Projects Administration, the office to which he was appointed during the last recess of the Senate; and

Harry Slattery, of South Carolina, to be Administrator of the Rural Electrification Administration for a term of 10 years, to which office he was appointed during the last recess of the Senate.

Mr. McKELLAR also, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

#### ROUTINE ARMY NOMINATIONS—REPORTS OF COMMITTEE ON MILITARY AFFAIRS

Mr. SHEPPARD. Mr. President, from the Committee on Military Affairs, I report favorably all Army nominations which were referred to the Committee on the 4th and 8th instants. These reports contain over 1,100 nominations of routine character; and because of the expense of printing the names on the Executive Calendar, I ask unanimous consent for the present consideration of the nominations.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. SHEPPARD. Mr. President, in order to effect a further saving in printing, I ask unanimous consent that the RECORD shall not contain the printed names of the officers but shall refer to them as having been nominated by the President on a particular date.

The VICE PRESIDENT. Is there objection? The Chair hears none; and, without objection, the nominations are confirmed.

Mr. SHEPPARD. I ask unanimous consent that the President be notified of the confirmation of these nominations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

#### SUPREME COURT OF THE UNITED STATES

The VICE PRESIDENT. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

The legislative clerk read the nomination of Frank Murphy, of Michigan, to be an Associate Justice of the Supreme Court of the United States.

Mr. McNARY. Mr. President, I have been requested by the senior Senator from Wisconsin [Mr. LA FOLLETTE] to announce that if he were present he would vote for the confirmation of this nomination; and the Senator from Wisconsin wishes the same statement to be made relative to the nomination following, that of Mr. Jackson to be Attorney General of the United States.

Mr. VANDENBERG. Mr. President, if there is to be no roll call, I wish the RECORD to show that I would vote in favor of the confirmation of Mr. Murphy.

Mr. WAGNER. Mr. President, my colleague [Mr. MEAD] is unavoidably absent today. He desired to have the fact recorded that if he were present, he would vote for the confirmation of this nomination.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. BROWN. I ask unanimous consent that the President be notified of the action of the Senate.

The VICE PRESIDENT. Is there objection?

Mr. ASHURST. Mr. President, I do not rise to object; but I think I ought to say to the Senate that the Committee on the Judiciary yesterday adopted a rule which I believe to be a wise one; that is to say, that whenever a nomination is reported to the Senate, favorably or unfavorably, no Member, at least of the Judiciary Committee, will ask for immediate consideration of the nomination, so that all judicial nominations shall go to the Executive Calendar and there remain for at least a day.

This request, as I understand, does not fall within that rule. Therefore, of course, I have no objection to it.

The VICE PRESIDENT. Is there objection to the request of the Senator from Michigan?

Mr. McNARY. Mr. President, I wish to state to the able Senator from Arizona, the chairman of the Judiciary Committee, that it has been my policy for several years that unless there is a very great emergency no nomination shall be confirmed without first going to the Executive Calendar and having its status developed.

Mr. ASHURST. Let me say that the Senator's example in that behalf, and his stand on that rule, are what converted me to its wisdom.

The VICE PRESIDENT. Is there objection to the request of the Senator from Michigan? The Chair hears none, and the President will be notified.

#### DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of Robert H. Jackson, of New York, to be Attorney General of the United States.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. WAGNER. As previously stated, my colleague [Mr. MEAD] is unavoidably absent. He desires to have the RECORD show that if present he would vote for the confirmation of Mr. Jackson.

Mr. McNARY. As I have heretofore stated, the senior Senator from Wisconsin [Mr. LA FOLLETTE] has requested me to announce that if he were present he would vote for the confirmation of Mr. Jackson.

Mr. WAGNER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The VICE PRESIDENT. Is there objection to the request of the Senator from New York? The Chair hears none, and the President will be immediately notified.

The legislative clerk read the nomination of Francis Biddle, of Pennsylvania, to be Solicitor General of the United States.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. GUFFEY. Mr. President, I ask unanimous consent that the President be immediately notified.

The VICE PRESIDENT. Without objection, the President will be notified of the confirmation.

#### DEPARTMENT OF THE INTERIOR

The legislative clerk read the nomination of Alvin J. Wirtz, of Texas, to be Under Secretary of the Interior.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of George A. Lingo, of Alaska, to be register of the land office at Anchorage, Alaska.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

#### WORK PROJECTS ADMINISTRATION

The legislative clerk read the nomination of R. L. MacDougall, of Georgia, to be administrator for Georgia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Dean W. Miller, of Idaho, to be administrator for Idaho.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask that all the nominations of postmasters be confirmed en bloc, with the exception of the nomination of Jessie B. Searle to be postmaster at Redrock, Okla. The Senators from the State of Oklahoma desire that this nomination be passed over, and I ask that the nomination be passed over, and that all the other nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and the nominations of postmasters are confirmed en bloc, with the exception noted.

That completes the nominations on the Executive Calendar. Under the unanimous-consent agreement the Senate will immediately resolve itself into legislative session, and under a previous notice given by the senior Senator from Texas [Mr. SHEPPARD] that he desired to address the Senate today, the Chair recognizes the Senator from Texas.

#### TWENTIETH ANNIVERSARY OF EIGHTEENTH AMENDMENT

Mr. SHEPPARD. Mr. President, failure continues to be written across the pathway of repeal.

In 1936 I pointed out that there were at that time 200,000 places for sale of beverage alcohol, as against 177,791 saloons before national prohibition. Today the number of retail outlets is estimated to be over 400,000.

The Federal Alcohol Administrator, W. S. Alexander, tells us in his report for 1939 that, as of June 30, 1939, the inventories of whisky in bond reached an all-time high of approximately 478,000,000 gallons, in comparison with the highest preprohibition inventory of about 278,000,000 gallons in 1914.

One of the most alarming developments of 1939 was the Nation-wide invasion of the highways by drink joints that are luring multitudes of boys and girls in America to ruin.

Observe also the many news items about popular campaigns against roadhouses—many of them licensed outside incorporated towns where no police protection is provided.

Apparently drinking conditions in America have not ceased to provide a lucrative field for the bootlegger, who violates the laws relating to legalized liquor with the same impunity with which he violated the laws prohibiting liquor.

Government officials were locating illicit stills in 1939 at the rate of 200 a week, according to a report by the Federal Alcohol Tax Unit at congressional hearings last year.

A bootleg ring was uncovered within the last year or so in the city of New York involving more than a hundred individuals, among whom were city police and Federal investigators. Prohibition can well say, "Thou canst not say I did it."

This New York City ring was indicted for conspiring to defraud the United States Government of \$3,000,000 in liquor taxes. Of the 106 men indicted, 84 received sentences on April 1, 1939.

A little later a smaller gang was found guilty of defrauding the United States Government of two and a half million dollars in taxes through the operation of 11 illicit liquor stills in Dutchess County, N. Y. Earlier in the year 68 men were indicted in up-State New York on the charge of defrauding the United States Government of \$5,000,000 in liquor taxes, involving the possession of 28 unregistered stills.

In Ohio an examiner for the State bureau of liquor control was quoted in the newspapers as declaring on January 3, 1939, that a half dozen bootlegging gangs were depriving Cincinnati of \$300,000 in liquor taxes. The Federal Alcohol Administrator says that bootlegging activities were depriving the State liquor stores and the State of Ohio itself of a substantial amount of legal revenues, that five other States had appealed to him for aid in repelling similar incursions by bootleg organizations. The Administrator also states in his last annual report that the business of bootlegging tax-paid liquor across State lines is extremely lucrative; that an illicit liquor dealer in the State of Iowa, where liquor sales are handled by the State, was found to be importing \$30,000 worth of liquor per month from wet States; that the Kentucky-Tennessee border had five wholesalers whose sales were almost exclusively to bootleggers; that approximately a million gallons of distilled spirits were sold by 8 wet State wholesalers to Mississippi bootleggers during the first 10 months of 1939; that a Maryland concern sold \$100,000 worth of liquor per month during the year to North Carolina and Virginia bootleggers.

Mr. CHANDLER. Mr. President—

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from Texas yield to the Senator from Kentucky?

Mr. SHEPPARD. I yield.

Mr. CHANDLER. I wish to make an observation for the benefit of the Members of the Senate and my distinguished friend the senior Senator from Texas. The Senator from Texas just mentioned a situation which was the cause of considerable complaint, arising from certain illegal movements of liquor from the States of Tennessee and Kentucky into other States, including Texas. I am sure the Senator from Texas will be very much pleased to know that the situation concerning which such complaint was made has been entirely corrected. My reason for making that statement is that on July 1, last year, when the border wholesalers involved in the transactions complained of, who formerly had been licensed by the tax commissioner of Kentucky, applied for new licenses, the issuance of new licenses was denied by the tax commissioner, and those wholesalers are not now in business. I know the Senator from Texas will be pleased to hear that.

Mr. SHEPPARD. I am delighted to hear that, Mr. President; but, judging from what has happened in the past, it is my opinion that it will only be a short time until they or others will be back doing the same thing again.

Mr. CHANDLER. Mr. President, I will say that I hope not. As Governor of Kentucky, I had the pleasure of sitting in at the conference and agreeing to the order which was issued denying the relicensing of those border wholesalers who were, as the Senator said quite correctly, at that time engaged in bootlegging liquor, thus depriving the National Government and the various States of proper taxes.

Mr. SHEPPARD. I thank the Senator, and I congratulate him on his vigilance. The nature of the liquor traffic, however, is such that it defies regulation.

Add to these specific cases taken at random the testimony of the director of the Distilled Spirits Institute, Dr. Wesley A. Sturges, at a meeting of the United Restaurant Liquor Dealers of Manhattan in New York City last February as reported by the press. At that time Dr. Sturges said that every legal distiller in the United States has at least 100 illegal competitors, who can market their liquor for \$3.25 per gallon less than



legal producers. The Bureau of Internal Revenue tells us that there are now in operation 284 legal distillers. On the basis of the statement of Dr. Sturges, these legal distillers have 28,400 illegal competitors.

There is another kind of bootlegging which may be even more demoralizing to our democracy than that illustrated by these examples. It is the regular violations of law by licensed liquor dealers—the beer taverns which sell hard liquor, and the retail outlets which sell to drunkards and minors—even to children of tender years.

Listen to the testimony of Dr. Sturges, on March 17, 1939, when he told the Temporary National Economic Committee what he had heard about young people's cocktail parties. He said that complaints had been coming to him all the time of young people's cocktail parties in hotels and tap-rooms and the like, of sales after hours, of sales to drunks contrary to law, and that the whole thing was bringing an unfavorable reputation to the industry and its composite set-up.

However serious bootlegging may be as operated by rings and gangs, the violation of law by licensed dealers is much more appalling. Reports of such violations constitute some of the most sinister chapters in the tragedy of repeal. Rural communities, as well as city districts, are feeling the impact of the liquor scourge.

Orrin De Mass, chairman of the Michigan license board is quoted as saying, according to the Detroit News of July 7, 1939, that Michigan is advancing toward prohibition because of three groups: First, the low, rotten type of law-violating licensees; second, the men who voted wet and now forget to protect what they fought for, who want to buy their liquor after hours and help the violator in place of helping the State; third, the class whose duty it is to enforce the liquor laws, and who are failing in that duty.

Joseph Lawrence, director of the Bond and Spirits Division of the Department of Justice, said before the Appropriations Committee of the House last April that there appeared to be something about the liquor traffic that continued to make people violate the law regulating it; that in current criminal compromises in connection with the liquor traffic could be observed the names of former bootleggers; that hundreds of regularly operating liquor concerns had also been reported to the Department of Justice for criminal violations since repeal.

In this statement Joseph Lawrence presented a large part of the case against the liquor traffic, the chief source of the existence and the spread of alcoholic drink.

The influence to which he alluded emanates from the subtle, devastating, habit-forming drug named alcohol; destructive of mental, moral, and physical strength; possessing such power over such numbers of mankind as to create a source of enormous profit on the one hand, a mass of human wrecks and weaklings on the other, the former a temptation to illegal gain, the latter an invitation to addictions that impair vital relationships of society, both breeders of corruption and of crime, twin threats to individual well-being and to the education and restraint essential to democracy.

America's crime record is a national disgrace. The most serious phase of the crime situation is the proportion of youthful criminals. So long as the greatest single crime cause—intoxicating liquor—is permitted, protected, and to a great extent promoted by government, crime in this country will continue to be as deadly and as costly as war.

Since repeal a wave of gambling has swept over America which threatens the economic and moral fabric of the Nation. The affinity between liquor and gambling is well known. Drinkers are most easily influenced to gamble, and gamblers, as a rule, are most easily influenced to drink. The effect of the combination of liquor and gambling, especially among the poorer classes, is already most deplorable and rapidly growing worse.

At a time when democracy is being upheld as an ideal before the world it is well to consider the relationship of a protected and promoted liquor traffic to political corruption.

Not only are the material and moral values of the Nation imperiled by a promoted liquor interest, but the very machinery of democracy for the expression of the will of the people is too often dominated by those whose power is derived from a commercialized traffic in intoxicating liquors.

One of the most glaring inconsistencies of our modern American civilization is the promotion of extensive and intensive safety campaigns while the attitude of government is favorable toward the greatest single cause of accidents that cripple and kill. Our people are urged to drive safely, and at the same time the attitude of government toward liquor permits the erection of huge signs along our highways to urge the consumption of something that is responsible for more traffic mishaps than any other single cause. Newspapers and magazines often publish liquor advertisements in the same issue with safety appeals. In one breath radio announcers often urge care in driving, and in the next urge the use of something that makes care unlikely, if not impossible. The expenditure of millions for safer highways, while permitting the advertisement of intoxicants along the highways themselves, can hardly be considered as intelligent education, intelligent engineering, or intelligent enforcement in the interest of safety.

Our Government is struggling with the problem of providing employment for youth. At the same time, an attitude of government favorable to liquor so weakens our basic economic structure that the chances for gainful employment are vastly decreased. Furthermore, an attitude of government favorable to liquor induces many of our young men and women to become addicted to a habit which hinders them in their efforts to obtain and to hold jobs. Employers hesitate to hire young men and women whose drinking habits are certain to destroy their reliability and efficiency.

One of the major concerns of the people of the United States is the problem of national defense. An attitude of government which permits and encourages the expenditure of billions for useless intoxicants impairs the greatest material and moral resource of the Nation, a resource most vital in time of war—its man power. No one, wet or dry, will argue that either the physical or mental well being of men is increased by indulgence in intoxicants. And yet the strength, endurance, intelligence, and alertness of our forces on land and at sea are even more important than the ships they sail, the airplanes they fly, or the guns they fire.

The United Brewers' Industrial Foundation has made great promises to clean house. They established a code of self-regulation and instituted a clean-up campaign, inviting all good citizens to help. Although the campaign has not advanced far enough to prove its value, there is little evidence that it will be successful.

Of a similar pattern was the promotion of citizens' committees by the Distilled Spirits Institute last year to center public opinion on the conduct of the alcoholic-beverage industry and the enforcement of liquor-control laws. The organization of such a committee in Connecticut was reported by the Hartford Courant of December 28, 1938. The same story was carried by the Washington Star of December 21, 1938, from which we learned that the Distilled Spirits Institute had encouraged the movement and had given financial aid to the creation of the citizens' committee in Connecticut. Later news dispatches mention similar activities in Maryland.

Such movements are doomed to fail. There is no modern Hercules to divert the cleansing flood of some modern river Alpheus into the Augean stables of the liquor traffic.

One of the biggest medical and health problems of 1939 was what to do with the increasing number of alcoholic addicts. Alcoholism has been growing at an alarming rate year by year since repeal. Medical authorities are alive to the seriousness of the situation. The medical journals attest this fact.

Dr. Merrill Moore, in the Boston City Hospital, has made a study of the strides of alcoholism over a period of years. That study is described in the New England Journal of Medicine of July 13, 1939. As a result of that study, Dr. Moore came to the conclusion that, along with tuberculosis

and syphilis, alcoholism can today be classed among the major problems in public health.

Editorial comments in the same issue of the New England Medical Journal stress the same fact. The editor says that tuberculosis, syphilis, and alcoholism are three of the major problems in public health; that tuberculosis has long received the most attention both from the public-health agencies and the public; that the attacks on syphilis are now being pushed at an accelerated pace, thanks to the work of the United States Public Health Service, the State and local agencies, the newspapers, and the public; but that the treatment of alcoholism as a public-health problem has fallen far behind the other two.

What alcohol needs is another torpedo from the good ship Constitution of the United States.

In my address of a year ago before this body I mentioned the fact that the American Association for the Advancement of Science had set up a research council on alcoholism. This council made an active search in 1939 to find approaches to the problem of alcohol addiction, but no new approaches have been announced.

Many who oppose prohibition as a method urge temperance as a solution of the problem. The nature of beverage alcohol makes impossible such a solution.

Private institutions for cure of addicts are springing up in all localities. Right here in Washington one has opened its doors within the year. What are we doing to arrest this growing evil?

Prevention is the only cure, and prevention means prohibition.

Democracy is a popular theme in these times of stress and strain. Daily we grow increasingly anxious that our country and our form of government may be preserved as it was conceived in 1787. That this may be done we renew our strength by calling again to mind the great purposes of our democracy, among which are the promotion of the general welfare and the preservation of the blessings of liberty. Unless we promote constantly these two purposes our democracy will fail in fact if not in name. In counting the dangers that threaten the fruits of a free life in a free land no danger can be reckoned more formidable than legalization of alcoholic beverages.

How long will men in places of public responsibility ignore the existence of this danger? How long will we, the representatives of the people in Congress assembled, who are charged with the advancement of the general welfare, refuse to assume responsibility?

Our form of government is not a pure democracy where a direct vote of the people is called on all the issues to be settled. It is a democracy in which the people delegate authority to representatives chosen by them at the polls, and no authority delegated is more impelling than that of preserving the general good. How are we using that authority?

The promise by those favoring repeal that there would never be a reestablishment of saloons certainly implied an attitude of government in the interest of sobriety rather than an attitude of government that permits, if it does not actually approve, practices that can only result in a constant increase in the drinking of intoxicants, with all the accompanying evils.

The ultimate solution of the liquor problem is the restoration of an attitude and policy of government that completely withdraws the sanction of Government from the liquor trade.

Meanwhile the Government should withdraw the privilege from the liquor traffic of using inherently legitimate influences and facilities in the promotion of the profits from the trade in habit-forming alcoholic beverages.

The person who wishes to read about intoxicating liquor should be compelled to search for the special information he desires and not be privileged to turn conveniently to newspapers and periodicals devoted to general information and literature.

The person who wishes to purchase intoxicating liquors should be compelled to search for the supply in some place devoted exclusively to the distribution of this dangerous commodity and not be privileged to obtain his supplies in

merchandising establishments which deal in inherently legitimate commodities.

The person who wishes to hear about beer, wine, or whisky should be compelled to listen to voices that speak only of intoxicants with facilities used exclusively for that purpose.

The publication of liquor advertisements in newspapers and magazines where they cannot well be ignored by young or old, the radio broadcasting of appeals in the interest of beer and other intoxicants, subjecting millions of women and children to alcoholic beverage salesmanship, and the display of intoxicants among necessities and harmless luxuries in stores frequented by multitudes of women and children all represent a fraud on those who trusted the Government to protect the people instead of promoting liquor by the repeal of the eighteenth amendment.

In the language of Bishop Hughes, this is the time for the lifted voice and the sounding trumpet.

One thing is certain:

We cannot continue to pour nearly two billion gallons of alcoholic drink every year into the veins of our democracy and expect it to retain the vitality essential to its protection and its progress. [Manifestations of applause in the galleries.]

#### PROPOSED LOAN TO FINLAND

Mr. McNARY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. I inquire if the Chair has received a letter from the President in connection with the proposed loan to Finland?

The PRESIDING OFFICER. The Chair has received such a letter.

Mr. McNARY. Before it is read, then, by the clerk, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	King	Schwartz
Ashurst	Frazier	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	Lucas	Shipstead
Bankhead	Gibson	Lundeen	Slattery
Barbour	Gillette	McKellar	Smathers
Barkley	Glass	McNary	Stewart
Bilbo	Green	Maloney	Taft
Brown	Guffey	Miller	Thomas, Okla.
Bulow	Gurney	Minton	Tobey
Burke	Hale	Murray	Townsend
Byrd	Harrison	Neely	Truman
Byrnes	Hatch	Norris	Tydings
Capper	Hayden	O'Mahoney	Vandenberg
Chandler	Herring	Overton	Van Nuys
Clark, Idaho	Hill	Pepper	Wagner
Clark, Mo.	Holman	Pittman	Walsh
Connally	Holt	Radcliffe	White
Danaher	Hughes	Reed	Wiley
Davis	Johnson, Calif.	Reynolds	
Donahey	Johnson, Colo.	Russell	

The PRESIDING OFFICER. Eighty-two Senators having answered to their names, a quorum is present.

The Chair lays before the Senate a communication from the President of the United States, which will be read.

The legislative clerk read as follows:

THE WHITE HOUSE,  
Washington, January 16, 1940.

MY DEAR MR. PRESIDENT: Last month when the Republic of Finland paid the regular installment on her debt to the United States, I directed the Secretary of the Treasury to place the money in a separate account pending such action, if any, as the Congress might desire to take with respect to it.

There is without doubt in the United States a great desire for some action to assist Finland to finance the purchase of agricultural surpluses and manufactured products, not including implements of war. There is at the same time undoubted opposition to the creation of precedents which might lead to large credits to nations in Europe, either belligerents or neutrals. No one desires a return to such a status.

The facts in regard to Finland are just as fully in the possession of every Member of the Congress as they are in the executive branch of the Government. There is no hidden



information; and the matter of credits to that Republic is wholly within the jurisdiction of the Congress.

This Government will have early occasion to consider a number of applications for loans to citizens and small countries abroad, especially in Scandinavia and South America. That raises the question for the determination of the Congress as to whether my recommendation made to the Congress some months ago, for enlarging the revolving fund in a relatively small sum, for relatively small loans, should be considered. It goes without saying that if the applications for loans can be acted upon favorably by the Congress, this matter will be kept within the realm of our neutrality laws and our neutrality policies.

An extension of credit at this time does not in any way constitute or threaten any so-called involvement in European wars. That much can be taken for granted.

It seems to me that the most reasonable approach would be action by the Congress authorizing an increase in the revolving credit fund of the Export-Import Bank and authorizing the Reconstruction Finance Corporation to purchase loans and securities from the Export-Import Bank to enable it to finance exportation of agricultural surpluses and manufactured products, not including implements of war.

It is wholly within the discretion of the Congress to place a ceiling on the amount of such loans. Whether this legislation should include an additional increase in the revolving credit fund of the Export-Import Bank, in order to provide for additional loans to increase our trade with South and Central America, is also within the discretion of the Congress.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

HON. JOHN N. GARNER,  
*President of the Senate of the United States,*  
*Washington, D. C.*

The PRESIDING OFFICER. Without objection, the communication will be referred to the Committee on Banking and Currency.

Mr. CONNALLY. Mr. President, the letter relates to the foreign relations of the United States. Why should it not go to the Committee on Foreign Relations? Why should it go to the Committee on Banking and Currency?

Mr. BARKLEY. Mr. President, I will say to the Senator from Texas, that measures proposing to increase the revolving fund of the Export-Import Bank, which is a subsidiary of the Reconstruction Finance Corporation, have, from the very beginning, been considered and acted upon by the Banking and Currency Committee. I happen to be a member of both that committee and the Committee on Foreign Relations, and it seems to me it would be a mistake to break the chain of jurisdiction which the Banking and Currency Committee has always had with respect to the Reconstruction Finance Corporation and the Export-Import Bank, which was created under a law reported from the Committee on Banking and Currency.

This increase in the revolving fund, if it is authorized, not only involves a loan to Finland or any other foreign country, but, as a matter of fact, the recommendation has already been made that for the general purposes involved in the creation of the Export-Import Bank its revolving fund be increased by seventy-five or one hundred million dollars. Of course that involves not only possible loans to corporations for the benefit of foreign countries but loans to corporations for the benefit of our trade and the exportation of our products; so it seems to me that the reference to the Banking and Currency Committee is the proper reference.

Mr. CONNALLY. Mr. President, does the original act creating the Export-Import Bank authorize that institution to make any loans to governments as such?

Mr. BARKLEY. I do not recall that it does; but heretofore, as the Senator knows, a loan of \$25,000,000 was made for the benefit of China. It was made by the Export-Import Bank, but it was made to an American corporation; and there is no intention to depart from that procedure. There is no suggestion in the letter of the President that a direct loan

be made by the Government of the United States to the Government of Finland, or any other government.

As a matter of fact, as the Senator knows, there has been discussed in the press and in conferences the question of the wisdom of making a direct loan out of the Treasury of the United States, by the Government of the United States, to the Government of Finland; and I think the consensus of opinion is that it is better to pursue the same policy we have heretofore pursued—that is, to make such loans to American corporations for the purpose of facilitating the exportation of American products, although the loans may be guaranteed by financial institutions in foreign countries, as in the case of China, when the loan was guaranteed by the Bank of China. So, I do not think there is any circumstance or any condition that would justify a change of reference of a bill of this sort, which really only suggests an increase in the revolving fund of the Export-Import Bank, which, so far as legislation is concerned, was originally a creature of the Committee on Banking and Currency.

Mr. McNARY and Mr. WAGNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas has the floor. Does the Senator from Texas yield, and, if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Oregon.

Mr. McNARY. Mr. President, I appreciate the courtesy of the distinguished Senator from Texas. I have no interest in the reference of this letter to either of the committees involved; but the jurisdiction of matters pertaining to foreign relations has always been in the Foreign Relations Committee of the Senate. I recall that all matters appertaining to the foreign debts and their cancelation or reduction have been referred to the Foreign Relations Committee; and this letter does involve a policy of this country in the matter of assisting other countries in distress. I also realize that the Committee on Banking and Currency has jurisdiction over the bill which is the subject matter of the President's letter; namely, a bill increasing the structure of the Export-Import Bank.

Occasionally it occurs here that there is a conflict in jurisdiction, or jurisdictions may run parallel. As I feel deeply in the matter, I was about to suggest that this communication should be referred to both committees. I think it first should go to the Committee on Banking and Currency, and then I think it should be referred to the Committee on Foreign Relations.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Kentucky.

Mr. BARKLEY. I will say to the Senator from Oregon and to the Senate that several days ago the Senator from Michigan [Mr. BROWN] introduced a bill authorizing the Reconstruction Finance Corporation to loan \$60,000,000 to Finland. The bill was referred to the Committee on Banking and Currency, as it should have been, I think; and the Committee on Banking and Currency has been called to meet tomorrow to consider not only that bill but any other measures on the same general subject that may be introduced, and, of course, presumably to consider any recommendation which the President may make with regard to the matter.

The letter of the President does not contemplate simply an increase in the revolving fund of the Export-Import Bank for the purpose of making a loan to Finland, directly or indirectly. It contemplates the possible increase of the fund for general purposes, one of which might be a loan for the benefit of Finland. It is difficult to refer a letter or a bill to two committees. I realize that the letter does involve indirectly, if not directly, a matter of our foreign policy; and yet heretofore, when loans have been made for the indirect benefit of a foreign country, the Foreign Relations Committee has not been invoked as a matter of jurisdiction to determine that matter.

Mr. McNARY. Mr. President, the observation just made by the distinguished leader is a very sensible one, but I do not think it alters my position in any way whatever. The reference of the bill introduced by the Senator from Michigan

[Mr. BROWN] was not brought to the attention of the Senate. Frankly, I did not know that the bill had been introduced until I saw it where I usually find information, in the press; so that matter cannot be used as a precedent at this time.

The letter of the President as read from the desk does involve the policy of this country in dealing not only with Finland but with the other nations to which the President refers. I am merely stating, as one who is interested in good legislation, that it might properly go to the committee of which the Senator from New York is chairman, and then, after a study there, it might be referred to the committee having jurisdiction of matters pertaining to our foreign policy, namely, the Committee on Foreign Relations. I offer the suggestion in the best of faith, without attempting in any way to slight the power or jurisdiction of any committee.

Mr. CONNALLY. Mr. President, I am not actuated in this matter by any pride about committee membership. It is not a technical point I make merely to have the letter referred to a committee of which I happen to be a member. I suggest, however, that the original act creating the Export-Import Bank did not contemplate any direct loans to governments. It contemplated the lending of money to increase the foreign trade of the United States, the importing and the exporting of commodities, and the granting of credits. If the measure proposed goes no further than to provide for loans to private concerns to increase exportations, I have no objection to the matter going to the Committee on Banking and Currency, but there is a difference if it is now proposed to enlarge the authority of the Export-Import Bank whereby it can make loans of Government money. It is idle to talk about it not being Government money; it is Government money; whether it is in my hip pocket or in my front pocket it is all Government money. If it is proposed to enlarge the authority of the Export-Import Bank to make loans to foreign governments, directly, or under such a thinly veneered cover as to make it perfectly apparent that loans are to be made to such governments, I shall move to rerefer the bill, when it comes before us, to the Committee on Foreign Relations.

Mr. President, I am not trying to hamper the activities of the Committee on Banking and Currency. The leader on this side, the Senator from Kentucky [Mr. BARKLEY] is a member of both committees, and the Senator from New York [Mr. WAGNER] is a member of both committees, and I cannot see any real objection on their part, from that standpoint, to having the matter referred to either committee; but the Committee on Banking and Currency should stay within its jurisdiction. We all know that this proposal, no matter whether it be handled through the Export-Import Bank or by the Government directly, will affect our foreign relations. It may not affect them unfavorably, and I hope it will not, but certainly in every chancery in the world that cares anything at all about such matters, it will be viewed as a gesture of the United States in taking sides in a war already in existence in foreign countries.

The Committee on Foreign Relations held hearings for 3 or 4 months last spring on the subject of neutrality and the arms-embargo repeal. The Committee on Foreign Relations had the burden of helping draft the neutrality law which the extraordinary session was called to consider, and, with all due respect to the Committee on Banking and Currency, learned as it is in finance and in all of the ramifications of the banking laws—and I understand it has been engaged in a very exhaustive study of the whole banking structure since the last session, and as I recall, we gave them an appropriation in order to encourage their study, and to stimulate their activities—this is not a question of credit, it is a question of foreign policy.

Mr. WHITE. Mr. President—

Mr. CONNALLY. I must first yield to the Senator from New York.

Mr. WAGNER. Mr. President, last week a bill was introduced by the junior Senator from Michigan [Mr. BROWN] which dealt with a proposed loan to Finland, and authorized the R. F. C. to make such a loan. The chairman of the Com-

mittee on Banking and Currency had nothing at all to do with the reference of that particular bill, but the Presiding Officer at the time, I think properly, referred it to the Committee on Banking and Currency, which committee deals with all legislation having to do with the activities of the Reconstruction Finance Corporation, just as it has had to do with all the activities of the Export-Import Bank from its very inception.

The loan now proposed is similar to the loans which are now made in some instances by the Export-Import Bank. There is no legal prohibition against a loan to a foreign government, although as a matter of policy loans of that type have not heretofore been made.

Mr. CONNALLY. Mr. President, will the Senator permit me to interrupt him at that point?

Mr. WAGNER. I wish to finish, because I think I will be able to satisfy the Senator.

Mr. CONNALLY. I wish to ask the Senator a question on the very point he is now bringing out.

Mr. WAGNER. Very well.

Mr. CONNALLY. The Senator says there is no prohibition against the Export-Import Bank making loans to governments. Could the Export-Import Bank make a loan to the German Government, now in a state of war, and would the Senator favor such a loan?

Mr. WAGNER. That is purely an academic question—

Mr. CONNALLY. It is academic, yes, but the Senator is dealing in abstractions.

Mr. WAGNER. The Export-Import Bank has the authority to help finance American producers and manufacturers in selling American commodities to foreign nationals, and in some instances the loans have been guaranteed by banks of foreign countries which are completely controlled by a foreign government. That is a mere technicality. But I think I will satisfy the Senator in what I propose to say.

So far as the activities of the Export-Import Bank, the limitation upon its jurisdiction, and the amounts in the revolving fund which may be utilized are concerned, that has always been a matter exclusively for study by the Banking and Currency Committee. Therefore I think it is proper that this subject should be considered by the Banking and Currency Committee, because that committee has more experience with that subject matter than has any other committee.

But I rather like the suggestion made by the Senator from Oregon that at this time the President's letter be referred both to the Committee on Banking and Currency and to the Committee on Foreign Relations. After the Committee on Banking and Currency shall have concluded its deliberations, whatever it may do—and I am in no position to say what the conclusions of the committee will be with respect to the subject matter embodied in the letter—then it will be for the Senate to decide. There may be a recommendation from the committee—although I cannot speak for the committee—that if a question of foreign policy is involved, to which the Committee on Foreign Relations, of course, has given greater and more expert study than other committees, that committee should also consider the question of foreign-relations policy. Of course, there would be no objection upon my part, as chairman of the Committee on Banking and Currency, to the Committee on Foreign Relations also considering the other phase of this question. I should think that would satisfy the Senator.

Mr. CONNALLY. Mr. President, did the Senator from Maine desire to interrupt?

Mr. WHITE. If the Senator will yield, I wanted to point out that, although this message makes reference to loans of money, although it refers to the Export-Import Bank as the agency through which loans have been made and may be made, the real crux of the message and the effect of the message is to raise a question of foreign policy, for the determination, first, of some committee of this body, and then of the body itself. That is the thing about which the people of the United States are talking at this time. I have no question that it was the purpose of the President in transmitting



this message to us to present squarely to the Congress of the United States the question as to whether we were or were not to make a loan to Finland. References to the amount of loans and references to the agency are wholly servient and collateral and incidental to the main question of foreign policy. That being so, I agree with the Senator from Texas that the matter referred to should go to the Committee on Foreign Relations.

Mr. GEORGE and Mr. REED addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I will yield in a moment. Of course, the Senator from Maine is responsible for his own deductions and conclusions. I yield first to the Senator from Georgia.

Mr. GEORGE. Mr. President, perhaps I am trespassing upon the time of the Senator from Texas—

Mr. CONNALLY. Not at all. It is not my time; it is the time of the Senate.

Mr. GEORGE. I have long been impressed with fundamental objections to some things which have been carried on, and this is merely an occasion to express myself in that regard.

I do not think that any loan should be made to a foreign government or for the benefit of a foreign government by any mere creature of the Congress. I have all respect for and confidence in Mr. Jesse Jones, but I know, as everyone else knows, that the loan of \$25,000,000 made by the Export-Import Bank to a corporation for the benefit of China was a loan made to China. China was not only a foreign nation, but it was a belligerent foreign nation, and I do not think that under any circumstances any loan whatsoever to a foreign government or for the benefit of a foreign government should be authorized by Congress through any mere agency such as the Reconstruction Finance Corporation or the Export-Import Bank. I think there is a very vital question of foreign policy here involved, and I think it is a question as to which sooner or later the Congress of the United States will be held to very strict accountability by the American people. They do not know why the loan was made to China, or what is meant by increasing the capacity or power of the Export-Import Bank to make loans to foreign governments. They simply interpret such loans as loans made to foreign governments, for when the loans are made for the benefit of foreign governments they are actually made to foreign governments, and the Congress should assume the responsibility.

Though I have every confidence in Mr. Jesse Jones, I am no longer willing to vote to give a single dollar of credit or power to Mr. Jones, or the Reconstruction Finance Corporation, or the Export-Import Bank, to be used for the benefit of any foreign nation. I may have the utmost sympathy for a certain foreign nation, I may have complete sympathy with the cause for which that nation finds itself for the moment involved in a struggle, but the Congress of the United States cannot permit any mere agency to exercise so vital a power as the one in question without utterly abrogating all the responsibility which the Constitution puts upon the House and the Senate, and which the American people, through the votes of their States, have put upon us here as Members of this body.

Mr. President, I know very well the purposes for which the Reconstruction Finance Corporation was created. It was not created under the present administration. It was created under a former administration. When it was created it was never dreamed that the Reconstruction Finance Corporation or any of its subsidiaries should ever extend a dime of credit to any foreign government. That was never contemplated. But if such a thing is contemplated, let the Congress say whether the United States wishes to make a foreign loan. Let us not place the decision for such action in the hands of Mr. Jones, or the President of the Export-Import Bank, whoever he may be for the moment, or any other mere agency of the Government. Let the Congress say whether the Government shall make a loan to Finland or whether it shall make a loan to China, and let us state

to the American people that we are making loans to these foreign countries.

Mr. WAGNER. Mr. President, will the Senator yield to me for a suggestion?

Mr. GEORGE. I yield.

Mr. WAGNER. My suggestion is to let the Committee on Banking and Currency consider this subject matter, as it has always considered similar subject matters, and, in the event the Committee on Banking and Currency should report favorably a measure authorizing a loan, that measure should then be referred to the Committee on Foreign Relations for its report before being taken up for consideration by the Senate.

Mr. GEORGE. Mr. President, if the Senator from New York will permit me, I wish to say that I thoroughly concur in that suggestion. However, I think it is far more important, if loans are to be made to foreign governments, that the Senate should authorize the making of the loans.

Mr. WAGNER. The Senate would, of course, eventually decide whether or not the loan should be authorized.

Mr. GEORGE. Yes; but if the Senator from New York will excuse me, I wish to say that we have not been doing it that way. We made a loan to China through the Export-Import Bank. We have made loans to certain South American countries. Loans have been made to those countries under the mere guise of aiding them. The loans have been made for their benefit. I do not complain about the making of such a loan if we want to make it; but I say, Mr. President, that, in my humble judgment, the Congress of the United States, in a matter of such grave importance, should assume the full and complete responsibility for the act. As for myself, I do not hesitate to say, whatever respect I have for Mr. Jones and for those associated with him, that I do not want him to make loans to foreign governments under a corporate structure which primarily the Congress set up to aid and to handle the domestic affairs of the United States. It is no reflection on Mr. Jones, but Mr. Jones has not been commissioned by the American people to decide the important questions involved in a loan to Finland, for instance. We all sympathize with Finland, but Finland is simply a foreign country, fighting, let us say, for principles which we hold dear. She is, however, a belligerent, and under international law a loan to Finland would be an unneutral act. Of course, it would be, because the money would buy the things that a nation must have in order to wage war. Under the sound principles of international law, it could not well be differentiated from the act of sending an American battleship to Finland. If we wish to do that, let us do it. But let us stop this miserable program of whipping the devil around the stump, and letting Jesse Jones or anybody else associated with Jesse Jones fix the foreign policy of this Nation. It is not their responsibility. We have a responsibility here, and we have merely found some convenient ways in which to shirk that responsibility.

I apprehend, Mr. President, that the American people will hold us responsible for what we do now with respect to foreign loans. We labored here at an extraordinary session to pass a neutrality act. The very heart of that Neutrality Act is the imposition of restrictions upon credits to foreign governments and restrictions upon American shipping, and the important purpose was to free any foreign nation from the embargoes existing under the old laws so far as arms and munitions were concerned.

If we lift the restrictions on American shipping and lift the restrictions in the Neutrality Act on credit to foreign nations, it is easy to see that we destroy the very heart of that act. We cannot do it with any degree of safety, and there is no need to bring the hard case here which makes a bad law in a court, and makes a bad law in a legislative body. This is a hard case. Everyone sympathizes with Finland. Nearly everyone in the United States sympathizes with China. The hard case is presented, and a bad law follows, and a very fatal step is taken from which we cannot retrace our course.

Break down the restrictions on credit carried in the Neutrality Act in the case of Finland, or any other hard case, and

the hour will soon approach, as the war between Germany and France and Great Britain becomes more acute, when the pressure will be doubled and redoubled to break down the restrictions upon credits to France and upon credits to Great Britain. Is there anyone who doubts that? That may not be the thought here in the Senate, but there is no one in the United States who intelligently observes what is going on who for a moment doubts or questions it.

Mr. President, I think the suggestion made by the distinguished Senator from New York [Mr. WAGNER] and the distinguished leader on the other side are entirely proper. It often happens that a matter is properly within the jurisdiction of two committees, which may have two different functions. The Committee on Foreign Relations is not sufficiently prepared, nor is it sufficiently familiar with the history of the Reconstruction Finance Corporation Act and all the amendments to it to enable it to deal with more than the mere question of banking. I grant that properly the matter should be considered by the Committee on Banking and Currency, and undoubtedly it should then go to the Committee on Foreign Relations. But, Mr. President, the question which to me seems far more important, infinitely more important, is whether it is the sense of the Congress that the decision with respect to the question of loans to foreign governments, foreign governments now engaged in war to which we are not a party, shall be delegated to the Export-Import Bank, or some other subsidiary corporation, whatever we may think of those who manage such institutions. The important question is whether we should delegate to others the grave matter of deciding whether we should make loans to belligerent countries.

Mr. CONNALLY. Mr. President—

Mr. REED. Mr. President, will the Senator yield to me for a moment?

Mr. CONNALLY. In a moment I will yield to the Senator from Kansas. First I should like to ask the Senator from New York a question. The bill on the subject now under discussion which is pending before his committee is the bill introduced by the Senator from Michigan [Mr. BROWN]. I understand there is no other bill on the subject pending before his committee. Am I correct in that assumption?

Mr. WAGNER. That is correct.

Mr. CONNALLY. Is it the view of the Senator from New York that there should be an agreement by which the bill and the letter from the President should be referred to the Committee on Banking and Currency and then go to the Committee on Foreign Relations?

Mr. WAGNER. The bill is now before the Committee on Banking and Currency.

Mr. CONNALLY. That is true.

Mr. WAGNER. There is no other bill pending. I suggest that the bill and the letter first go to the Committee on Banking and Currency and then to the Committee on Foreign Relations. If the Senate Committee on Banking and Currency reaches any conclusion which embodies an authorization for a loan, then, in view of the fact that the question of foreign policy is not one for consideration by our committee, the matter will be referred to the Committee on Foreign Relations, which will, of course, pass upon that question. Thus both committees will consider the proposed legislation.

Mr. CONNALLY. I thank the Senator.

Mr. President, I have before me a copy of the bill before the Banking and Currency Committee. I had understood—no doubt I was in error—from the Senator from New York and the Senator from Kentucky that the bill before the Banking and Currency Committee was in the form of an amendment to the Export-Import Bank Act.

Mr. WAGNER. No; the Senator misunderstood me. The letter—

Mr. CONNALLY. I am talking about the bill before the committee. We all heard the letter read. We understand that. I am talking about the bill before the committee.

Mr. WAGNER. The bill authorizes the Reconstruction Finance Corporation to make the loan. The letter proposes that the procedure we have adopted under the law to make loans

to foreign nationals through the Export-Import Bank be pursued in this particular case. It would be a matter of study for the Banking and Currency Committee as to which agency should make the loan, if a loan were to be authorized at all. That matter having always been before the Banking and Currency Committee, it ought to be considered by that committee. Then the bill should be referred to the Committee on Foreign Relations, because it deals, of course, with the subject of our foreign policy.

Mr. CONNALLY. I do not know who was responsible for referring the bill to the Committee on Banking and Currency, but I wish to suggest that the bill never had any business going to the Banking and Currency Committee to begin with.

The bill provides:

That the Reconstruction Finance Corporation is authorized and empowered to make loans—

In behalf of agriculture? No. In behalf of some American corporation in Finland? No—

to the Republic of Finland—

The Senator from Michigan [Mr. BROWN] is at least entitled to credit for coming out from behind the bushes and saying exactly what he means—

to the Republic of Finland in an aggregate amount not exceeding \$60,000,000, for the purpose of enabling the Republic of Finland to finance the purchase of—

Agricultural commodities? It may be that. It may be something else—

such articles and materials (whether or not such articles and materials are the growth, produce, or manufacture of the United States or any of its territories or possessions) as it deems necessary.

The bill provides funds to be used for the purchase of commodities, whether or not such commodities are produced in the United States. Under the provisions of the bill the Republic of Finland could purchase guns, airplanes, muskets, bayonets, high explosives, poison gas, and flame-throwers. They could buy anything for the purpose of carrying on the war, or for any other purpose.

All such loans shall be made on such terms and conditions as the Federal Loan Administrator shall prescribe.

As suggested by the Senator from Georgia [Mr. GEORGE], the bill turns over to the Loan Administrator the transaction of the loan. I make no reflections on Mr. Jones. When Congress says, "We will not do it; we want to sidestep it; we will give you the authority," we cannot blame the Administrator for exercising the authority, because he thinks we mean it when we pass a law and tell him to do something.

There is always pressure on administrators. Mr. Jones' position is somewhat like that of the Banking and Currency Committee. The Banking and Currency Committee is thinking only about banking and currency. It is not thinking about foreign relations, or neutrality, or involvement in a war, or getting in bad with all the other countries of the world, or sending somebody over to Europe, in the final analysis, to fight a war. It is thinking about banking and currency. It is asking, "Is this a good loan or a bad loan?" Of course, Mr. Jones is not responsible.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WAGNER. Of course, the committee has not yet considered the details of the proposed legislation. We have only a proposal.

Mr. CONNALLY. No; but I have heard the chairman of the committee speak on the floor, and I have heard the majority leader speak. We know what is in their minds.

Mr. WAGNER. What is in my mind?

Mr. BARKLEY. Mr. President, I do not know how the Senator knows that. I have not committed myself to any sort of loans, direct or indirect.

Mr. CONNALLY. I heard the Senator's explanation of what he thought ought to be done about this matter.

Mr. BARKLEY. No; the Senator misunderstood me. I have not stated what I thought ought to be done.

Mr. CONNALLY. I beg the Senator's pardon.



Mr. BARKLEY. On the contrary, if the Senator will read a communication which I addressed to the editor of the Washington Star on the first day of this session in response to a telegram from the editor as to the making of a direct loan to Finland, and the editorial in that day's issue of the Washington Star, he will see that neither then nor since have I committed myself on a loan.

Mr. CONNALLY. I do not wish to impute to the Senator any sentiments he does not entertain. I am sorry I did not read the articles about which he speaks. I withdraw all I have said in that connection.

Mr. BARKLEY. There are some questions which ought to be considered in regard to the matter.

Mr. CONNALLY. I withdraw all I said about the views of the Senator from New York and the Senator from Kentucky.

Mr. WAGNER. I am sure the Senator did not hear uttered from my lips a word of approval or disapproval of this particular proposed legislation.

Mr. CONNALLY. To be frank, what I understood from the tenor of the remarks of the Senator from Kentucky and the Senator from New York was that so long as the loan was to be made by the Export-Import Bank to some foreign corporation, or to an American corporation in Finland, although the ultimate benefit of it might go to the Finnish Government, the transaction would be within the proper limits. If I am in error about that, I beg the Senator's pardon.

Mr. WAGNER. I referred to some loans that have been made by the Export-Import Bank under the law as it now exists; and I gave the Senator an illustration of how those loans were made. I made no reference to the proposed loan, because I have not committed myself in any way on any kind of a loan to Finland, nor on the broad legislation here proposed; nor has the committee. I am only one member of the committee. The committee has not as yet considered the question of whether a loan is to be authorized, and, if so, how.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BARKLEY. I am sorry that I left an erroneous impression on the Senator from Texas or any other Senator. I was arguing the point of jurisdiction of the committee. I was not committing myself. I do not know what sort of bill I shall vote for as a member of the committee. We are not responsible for the language of the bill offered by the Senator from Michigan, which provides a direct loan of \$60,000,000. I have expressed myself publicly and privately, in terms which I think are not capable of misunderstanding, as to my attitude toward the Government of the United States, as a government, making the sort of loan to another government which may involve us in difficulties with foreign countries.

Mr. CONNALLY. Does not the Senator recognize that under the provisions of the bill a loan by the Reconstruction Finance Corporation would be a loan by the Government of the United States to Finland?

Mr. BARKLEY. It would be a direct loan to the Government of Finland. For the reasons which I have stated, I do not want to preclude myself from considering the merits of the bill. As to the machinery and terms of the loan and as to the amount, I certainly am free and not committed in any sense.

I will say to the Senator from Texas that I have no idea what kind of bill, if any, may be reported by the Committee on Banking and Currency. If a bill were reported making no reference to foreign loans, but simply increasing the revolving fund of the Export-Import Bank for general purposes, I do not know whether or not it would be proper to refer such a bill to the Committee on Foreign Relations, because, so far as the bill itself would be concerned, it would have nothing to do with foreign relations, although there might be a possibility that the same type of loan could be made under an increase in the revolving fund of the Export-Import Bank, as has been made heretofore.

I also realize that a loan by the Government of the United States or any of its agencies to or for the benefit of a foreign

country might involve us in diplomatic situations which would require the most careful consideration; and for that reason, when I was requested by the editor of the Washington Star, before the present session began, to express my deliberate reactions toward a direct loan to Finland before Congress met, without waiting for Congress to assemble, while the telegram was delayed in its receipt, I certainly took the position that the Government of the United States had no authority under the present law, without some sanction on the part of Congress, to make a direct loan out of the Treasury, in the name of the Government of the United States, to the Government of Finland; and that I thought that in considering all sorts of loans, or the possibility of loans, we must take into consideration the possibility of violating the spirit of our Neutrality Act, as well as the possibility of becoming so committed to such a policy that we might be embarrassed in the future in dealing with applications of other countries for similar loans.

All these matters involve the question of our foreign policy, and to that extent ought to be considered by the Committee on Foreign Relations. In agreement with the Senator from New York, I will say that if the Committee on Banking and Currency should report a bill under the terms of which our foreign relations were involved I certainly not only would not object to referring, but would be in favor of referring such a bill to the Committee on Foreign Relations. But if the Committee on Banking and Currency should report a bill merely providing for an increase in the revolving fund of the Export-Import Bank, without reference to foreign loans of any kind, I doubt very much whether it would serve any purpose to refer the bill to the Foreign Relations Committee.

Mr. CONNALLY. If the Senator knew that the purpose of the bill was to make a loan, directly or otherwise, purely for the benefit of a foreign government, would he still feel the same way?

Mr. BARKLEY. I will say to the Senator that in requesting an increase of \$100,000,000 in the revolving fund of the Export-Import Bank I think neither Mr. Jones nor the President at that time contemplated such a loan as we are now discussing. As a matter of fact, during the last regular session of Congress, which adjourned early in August, Mr. Jones had asked for a larger increase than we gave him in the revolving fund or the capital stock of the Export-Import Bank. I think we reduced his request by \$25,000,000. As I recall, he asked for \$100,000,000 and we gave him \$75,000,000.

Mr. WAGNER. That is correct.

Mr. BARKLEY. The purpose of the \$100,000,000 he then asked for was to finance the exportation of American products, just as they had been financed up to that time. I doubt not, even if there were now no war between Russia and Finland, that the Export-Import Bank and the President would be justified in asking for an increase in the capital stock in order that the exportation of American products might be facilitated. However, I have no desire, I will say to the Senator from Texas, to quibble over the jurisdiction of committees. I think this bill was properly referred, because it deals with the Reconstruction Finance Corporation, although it authorizes direct loans to Finland. While the President discusses in his letter loans to Finland and possibly loans to other countries, the only recommendation he really makes is an increase in the revolving fund or the capital stock of the Export-Import Bank.

The Committee on Banking and Currency might take action to increase the capital stock of the Export-Import Bank and at the same time put a restriction upon the foreign loans. It can do that; it is within its jurisdiction; and if it did that, of course, there might be no occasion to rerefer the bill to any other committee. But I will say to the Senator that whatever the terms of the bill which may be reported by the Committee on Banking and Currency if it shall report a bill—and I have no assurance that it will report any bill of any sort—which in any way involves our fundamental relations and our diplomatic relations with foreign countries, I not only think that the Committee on Foreign Relations ought to be given an opportunity to consider it but that the

Senate of the United States and the House of Representatives, the two Houses forming the Congress of the United States, ought to consider most carefully where such a policy might lead us with respect to our neutrality and our commitments that may rise up or may not rise up to plague us in the future.

Mr. CONNALLY. The Senator said if they reported a bill which did so and so that he would be willing that the course suggested be followed; but who is to determine that? Is the Committee on Banking and Currency to determine it?

Mr. BARKLEY. Any Senator here can move to rerefer a bill.

Mr. CONNALLY. Certainly the Senator from Texas knows that, but we want an agreement here, if we are going to make any agreement, that will bind both the Banking and Currency Committee and the Foreign Relations Committee. I am not going to be satisfied to refer it to the Banking and Currency Committee, and then if it decides that it wants the Committee on Foreign Relations to consider the matter, in that event to have the bill referred to that committee.

Mr. BARKLEY. No; I did not suggest any thing of that sort. I do not think the Committee on Banking and Currency ought to be the judge whether this bill shall go to the Committee on Foreign Relations.

Mr. CONNALLY. That is the point exactly.

Mr. BARKLEY. But I said whatever sort of bill the Committee on Banking and Currency may report to the Senate, then, it would be in order for the bill to be referred to the Committee on Foreign Relations, whether or not the Banking and Currency Committee favored such action.

Mr. CONNALLY. I think I would be agreeable to that.

Mr. BARKLEY. The Senate is in complete control.

Mr. WAGNER. I inquire of the Senator from Texas if that is satisfactory.

Mr. CONNALLY. Not yet.

Mr. REED and Mr. HARRISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas has the floor. Does he yield; and if so, to whom?

Mr. CONNALLY. For the time being, I yield to the Senator from Kansas; and then I will yield to the Senator from Mississippi.

Mr. REED. Mr. President, I find myself in complete concurrence with the Senator from Texas.

Mr. CONNALLY. I am very much gratified to hear the Senator say so.

Mr. REED. Well, it does not often happen.

Mr. CONNALLY. Then I rather doubt my position.

Mr. REED. But I think we are dealing with two sets of circumstances. We sat here in extraordinary session for several weeks, during which the only matter discussed was foreign policy. I happened to be one of the Senators on this side of the aisle who voted for the neutrality bill in the end. By that bill we went a long way in restricting ourselves and our rights under so-called international law. What for? In order to keep us out of possible foreign entanglements. The war in Europe is probably going to spread, so far as any human being can now foresee. I share the universal admiration for Finland and my sympathies are completely with Finland. If there is any country in the world that has established a right to credit it is Finland. But that is not the question. The question is as to our own policy. The Export-Import Bank and the R. F. C. are governmental agencies through which financial transactions are conducted. If we should decide in this body that we were going to make loans to foreign governments, I agree with the Senator from Georgia that we ought to have the frankness and candor and the courage to take the responsibility for ourselves, and that we ought not to resort to the subterfuge of trying to make loans or making loans through a mere fiscal or financial agency of the Government. The thing that underlies this bill is our foreign policy and the relation any action which may be proposed will have to that policy which this body voted for just a few weeks ago. I think the Senator from Texas is correct; that the first question that ought to be settled in connection with this bill is its relation

to our foreign policy. Therefore, in my opinion, it should go to the Committee on Foreign Relations.

Mr. CONNALLY. I thank the Senator from Kansas. He has said that he rarely ever agrees with the Senator from Texas, but I think he really agrees with me oftener than he says so.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BARKLEY. As I see it, there is no real fundamental difference here among us.

Mr. CONNALLY. I am glad there is not.

Mr. BARKLEY. We have confidence in all our committees; they are all creatures of the Senate; I certainly would be the last Member, in any way, to express any lack of confidence in any of the committees. I believe, as I said, that this bill ought to go first to the Committee on Banking and Currency.

Mr. CONNALLY. Let me ask the Senator a question.

Mr. BARKLEY. I will ask the Senator to permit me to proceed a little further. I am going to make a unanimous-consent request.

Mr. CONNALLY. I am not going to permit the Senator to ask unanimous consent until he yields to me.

Mr. BARKLEY. I certainly yield to the Senator, if I have the floor.

Mr. CONNALLY. The Senator said he thought this bill ought to have gone originally to the Committee on Banking and Currency. The Senator has already said that it proposes a direct loan to Finland. Under the present law that cannot be done. He has already said that it would affect or might affect or possibly could affect our foreign relations. That being the case, why should it not have gone to the Committee on Foreign Relations to start with?

Mr. BARKLEY. The bill proposes an increase in the authority of the Reconstruction Finance Corporation, and all legislation in the first instance creating that Corporation and amending its power has gone to the Committee on Banking and Currency.

Mr. CONNALLY. The Reconstruction Finance Corporation cannot loan now directly to any government, and the bill proposes to change the law.

Mr. BARKLEY. I realize that.

Mr. CONNALLY. Very well; let the Senator proceed. I think I will agree to what he is about to propose.

Mr. BARKLEY. I was going to suggest, in the form of a unanimous-consent request, that this bill go to the Committee on Banking and Currency, and that whatever bill may be reported by that committee shall be then referred to the Committee on Foreign Relations before any action is taken on it by the Senate.

Mr. CONNALLY. I agree to the proposition, the bill being now before the Banking and Currency Committee, that when that committee acts the bill shall then be referred to the Committee on Foreign Relations.

Mr. BARKLEY. Of course, my request includes the letter of the President.

Mr. CONNALLY. The letter ought to go to both committees.

Mr. BARKLEY. I have no objection to that.

Mr. CONNALLY. Very well; let the Senator amend the request and provide that the letter shall go to both committees.

Mr. BARKLEY. I will restate my unanimous-consent request. The bill introduced by the Senator from Michigan now being before the Banking and Currency Committee, I ask unanimous consent that the letter from the President be referred to the Committee on Banking and Currency and also to the Foreign Relations Committee; and if and when a bill shall be reported by the Committee on Banking and Currency as a result of the President's letter or as the result of its own initiative and deliberations, that before action is taken by the Senate on such bill it be then referred to the Committee on Foreign Relations.

The PRESIDING OFFICER. Is there objection?



Mr. McNARY. As that was my original proposition, of course, I shall concur in the request now made.

Mr. AUSTIN. Mr. President, reserving the right to object, I wish to make an inquiry. If I interpret the request accurately, two committees will be considering the same issue at the same time, and one of them will be authorized to make a report before the other may take any action. Is that the meaning of the request?

Mr. BARKLEY. The request is that the letter of the President be referred to the Committee on Banking and Currency, and also to the Committee on Foreign Relations; and if and when the Committee on Banking and Currency reports a bill, either as a result of the letter of the President or upon its own initiative, that the bill then be referred to the Committee on Foreign Relations before the Senate shall take it up for action.

Mr. AUSTIN. I thank the Senator.

Mr. BARKLEY. The request contemplates a bill of some kind being reported by the Committee on Banking and Currency and then being referred to the Committee on Foreign Relations at a later stage.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

#### SELECTION OF STATE EMPLOYEES UNDER JOINT FEDERAL AND STATE PROGRAMS

Mr. NEELY. Mr. President, let me invite Senators to transport themselves from foreign scenes of camps and sieges and battles to the United States, where they all will be more or less engaged in political warfare from now until sunset on the 5th day of next November.

Near the end of the first session of the present Congress the Committee on Civil Service approved, with amendments, a bill designed to place under strict civil-service law all State employees engaged in the execution of programs which are jointly financed by the State and Federal Government.

In pursuance of the instructions of the committee, I orally reported that bill to the Senate. I have since prepared a written report, which I now present as follows:

[Senate Rept. No. 1159, 76th Cong., 3d sess.]

Mr. NEELY, from the Committee on Civil Service, submitted the following report (to accompany S. 282):

The Committee on Civil Service, in pursuance of an order of reference made by the Senate during the first session of the Seventy-sixth Congress, considered S. 282, a bill designed to require those employed by States in connection with cooperative Federal and State programs to be selected solely upon the basis of merit, and reported it on August 3, 1939, with amendments, with the recommendation that it be passed in its amended form. The committee now submits the following written report to accompany the said bill:

The numerous benefits which have accrued to all the people in general and the personnel employed in the service of the Federal Government in particular as a result of the Civil Service Act of 1883 are well known. The principle of selection of Federal employees upon the basis of merit is so generally approved that it is doubtful whether a single member of the Congress would vote for the repeal of the civil-service law. This Congress has twice clearly indicated that it favors the extension of the principles of the Civil Service Act.

The bill to prevent pernicious political activities was passed during the first session of the Seventy-sixth Congress. The President, in the course of observations which he made at the time he approved that bill, referred to the fact that it made applicable to all employees of the Federal Government (with a few exceptions) the rules to which civil-service employees have been subject for many years.

The bill which was passed during the first session of this Congress and which is now known as the Social Security Act amendments of 1939 provides, among other things, that in the execution of the various programs under the act in which the Federal and State Governments cooperate the States must provide for the establishment and maintenance of personnel standards on a merit basis. The pending bill requires the States to select the employees on such programs upon a merit basis as a condition precedent to their receiving Federal funds for use in the carrying out of such programs.

In brief, the bill, in effect, requires the various State governments to use the Federal funds allotted to them for the benefit of all the people instead of for the benefit of a particular political party or faction. If passed, it will effectively protect all State employees, whose salaries or wages are wholly or partially paid with Federal funds, against the nefarious, disgraceful practice of certain State political machines by means of which those employed on cooperative State and Federal projects are compelled to contribute 2 percent or

more of their salaries monthly to a political machine for alleged party or factional purposes.

In recent years the principle of Federal and State cooperation in the discharge of governmental functions has been widely extended. Among the more important of the programs prosecuted in this way are those which pertain to Federal aid to highways, social security, public health, agricultural extension service and agricultural experiment stations, public works, the distribution of surplus agricultural commodities, the establishment of public employment agencies, and the maintenance of agricultural colleges. The Federal Government extends its aid to the States in many different forms. In some cases, as, for example, in the provision for old-age assistance, the Federal contribution provides money not only to compensate the personnel necessary for administration but also to enable the States to make the payments to the beneficiaries. In other cases, as, for example, in the unemployment compensation program, the Federal aid is limited to the providing of funds necessary for the administration of the program. Another form of Federal aid is exemplified by the distribution of surplus agricultural commodities. Under this program the Federal Government provides the commodities and the States provide the personnel necessary for the distribution. The exact number of those employed by the States in connection with cooperative State and Federal programs is not, at present, ascertainable. But it is believed that those thus employed are more numerous than all those who are employed directly and exclusively by the Federal Government.

A few of the States select those who are employed on cooperative programs in pursuance of State civil-service systems. It is believed that the great majority of such cooperative employees are entirely destitute of the protection which the merit system of selection supplies. It is believed that few, if any, who are now selected upon the basis of merit under State law are either protected against political coercion or enforced contributions by their superiors or prohibited from participating actively in political management or political campaigns.

The reasons why those employed by the States on cooperative programs should be selected solely upon the basis of merit, be restrained from pernicious political activity, and be protected against the payment of tribute levied upon their salaries by heartless machine politicians are identical with the reasons that impelled the Congress to pass the Hatch bill to improve the Federal service, purify Federal politics, and protect Federal employees.

It is manifestly just as reprehensible for a candidate for a State office to coerce or collect tribute from State highway employees—a part of whose compensation is supplied by the Federal Government—as it would be for a candidate for a Federal office to commit a similar offense against those employed by the Works Progress Administration. The anomaly of Federal workers employed on a cooperative program and compensated from the Federal Treasury being selected in accordance with civil-service laws while State workers, who are employed in connection with the very same program and compensated with funds which come from the same sources, being selected upon a nonmerit basis is intolerable and should be outlawed without delay. To perpetuate this condition would be to approve political skulduggery and encourage governmental inefficiency.

The President, in his message of August 2, 1939, approving the so-called Hatch Act, directed attention to the fact that in behalf of the integrity of Federal elections, the Congress might be warranted in providing restrictions similar to those contained in the Hatch Act for all State employees. The pending bill does not go so far because the committee believed that in attempting to extend the principles of the Civil Service Act to State employees, it would be safer from the standpoint of constitutionality to limit the extension of the act to those State employees who are compensated in whole or in part with Federal funds, or are engaged in connection with cooperative State and Federal programs.

The first section of the bill provides that after 60 days from the date of its enactment no moneys appropriated by the Congress for allocation to the States shall be paid to any State unless it has in operation a State civil-service plan approved by the United States Civil Service Commission.

Section 2 specifies the requirements of an acceptable State civil-service plan. It must provide that those employed by the State in connection with State and Federal cooperative programs be selected solely upon the basis of merit after an open, competitive, fair and practical examination; and must prohibit the promotion of such employees unless the quality of their service has been such as to merit promotion. The plan, while preserving to such employees the right to vote as they please and to privately express their opinions on all political subjects, must prohibit employees from contributing to political funds and from taking an active part in political management or political campaigns. The plan must also contain provisions designed to prevent the political coercion of such employees by their superiors. The State civil-service plan must be administered by a commission, the members of which may not all be affiliated with the same political party. It is specifically provided that nothing in the bill shall be deemed to prohibit States from giving employment preference to veterans similar to that given by the Federal Government.

The United States Civil Service Commission is required to approve any plan which fulfills the conditions specified in section 2. But the Commission is authorized to withdraw its approval of a State civil-service plan if it finds, after hearing, that the plan has been so changed or is so administered that it does not conform to the

provisions of this section. The Commission is required to cause notice to be printed in the Federal Register of any action taken by it in approving or withdrawing its approval of a State plan.

The requirements for civil-service plans are such that several of the States must adopt new legislation in order to bring themselves within the purview of the bill. Since the legislatures in some of the States will not be in session before the bill becomes effective, a method is provided by section 3 to make it possible for the States to continue to receive Federal funds for cooperative programs until their legislatures meet and have an opportunity to enact the necessary legislation.

Section 4 of the bill authorizes the United States Civil Service Commission, upon request from a State civil-service commission, to give examinations to applicants for employment under the civil-service laws of such State, to grade the examination papers of such applicants, and to prepare registers of applicants found to be qualified as a result of such examinations. The purpose of this provision is to save the States the necessity of providing the personnel and facilities necessary for the holding of examinations and the establishment of registers. The States would be required to reimburse the Commission for its expenses incurred in conducting examinations and establishing registers. But for a number of the States, it would probably be more economical to do this than to provide their own personnel and prepare and hold their own examinations. Should the States generally avail themselves of the opportunity thus provided to use the facilities of the United States Civil Service Commission, they would thereby promote uniformity of examinations and diminish the difficulties of the Commission in determining whether State eligibility registers conform to the requirements of the law.

During the reading of the report,

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. NEELY. I gladly yield to the Senator from Pennsylvania.

Mr. DAVIS. Am I to understand that the bill which the Senator is discussing is to prevent State employees who receive part of their compensation from Federal funds from participating in any way in politics?

Mr. NEELY. They are not prohibited from expressing their political views in private, or from voting or attending political meetings. But they are barred from such political activity as would constitute a violation of what is known as the Hatch law.

Mr. DAVIS. Mr. President, will the Senator further yield?

The PRESIDING OFFICER (Mr. CHANDLER in the chair). Does the Senator from West Virginia further yield to the Senator from Pennsylvania?

Mr. NEELY. Certainly.

Mr. DAVIS. Can the Senator tell me the number of those who are employed in the Agricultural Departments of the Federal Government and of the States?

Mr. NEELY. In my opinion, no one knows the number of those now employed on Federal and State cooperative programs. There is certainly no available publication that contains this information.

Mr. DAVIS. Will the Senator further yield?

Mr. NEELY. Gladly.

Mr. DAVIS. Is not the Senator of the opinion that it would be wise for the Secretary of Agriculture to try to ascertain the number employed by the States, so that we might know what it is?

Mr. NEELY. The information would be valuable.

Mr. HATCH. Mr. President—

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from New Mexico?

Mr. NEELY. I yield to the Senator from New Mexico.

Mr. HATCH. I rise merely in response to what the Senator from Pennsylvania [Mr. DAVIS] said, implying that there is some duty on the Secretary of Agriculture to ascertain the number of these employees in the States. I think no such duty rests upon the Secretary of Agriculture. He has not been responsible for the condition in any sense whatever. He has no duty, no responsibility to discharge or perform until Congress acts; and it is quite unfair even to imply, as I am sure the Senator from Pennsylvania did not mean to imply, that the Secretary of Agriculture had been remiss in his duties in this regard, because he has not been.

Mr. NEELY. Mr. President, I approve the observations of the Senator from New Mexico and concur in his opinion to the effect that the able Senator from Pennsylvania did not

mean to impute any neglect of duty to the eminent Secretary of Agriculture, Mr. Wallace.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. MINTON. How will it be possible to extend the benefits of the Civil Service Act to State employees? Is it not possible to guarantee them their jobs? The only thing that can be done will be to take something away from them.

Mr. NEELY. Nothing will be taken away from them. The bill, if passed, will emancipate them and protect them against involuntary contributions of their services and salaries for political or factional purposes.

The failure of a State to comply with the law will result in the suspension of Federal aid.

Mr. LUCAS. Mr. President, will the Senator from West Virginia yield?

Mr. NEELY. I yield.

Mr. LUCAS. The statement of the Senator raises a question in my mind about which I should like to interrogate him for just a moment. I am thinking now about an allocation or grant that is made by the Federal Government to the State of Illinois for the construction of a public highway. Am I to understand that under the bill the Senator proposes the man who uses a shovel in helping in the construction of such a highway would be compelled to pass a civil-service examination before he would be able to participate in such work in Illinois?

Mr. NEELY. All whom the State employs on a program, wholly or in part financed by the Federal Government, would be selected on the basis of merit instead of that of political expediency.

Mr. LUCAS. Who would determine whether or not a ditch digger is going to be employed upon the basis of merit or whether it would be a question of politics?

Mr. NEELY. Eligibility will be determined in the manner specified in the bill just as the eligibility of a janitor of a post office is now determined by the Civil Service Commission.

Mr. LUCAS. Will the Senator yield further?

Mr. NEELY. Certainly.

Mr. LUCAS. In other words, the contractor who is the lowest bidder on a highway contract in Illinois will be compelled, before he can employ anyone, to take what the Civil Service Commission, or whatever commission is set up in the bill, would give to him insofar as common laborers are concerned.

Mr. NEELY. No; in my opinion in such case the law would not apply. In the circumstances specified the employee would not be subject to the demands of a State political machine for contributions to campaign funds or to the orders of such machine to help, hold, or steal an election. Therefore, he would not be subject to the provisions of the bill.

Mr. LUCAS. I am not talking about stealing an election or setting up the machinery for stealing an election; I am talking only about the common laborer whom I have in mind, who is going to work upon one of these highways. As I understand the Senator's bill, he would be subject to the civil-service rules before he could go out and use a shovel. I disagree with the Senator insofar as his statement about the contractor is concerned, because the Federal Government is going to furnish part of the funds and the State of Illinois is going to furnish a part of the funds, and in Illinois the State does not build all roads. We let contracts to private contractors for the construction of many miles of roads, and the money that goes into a highway may be coming partially from Federal sources and partially from the State of Illinois. I do not see how it is possible to make a distinction simply because a contract is given to a private individual.

Mr. NEELY. In the case in Illinois to which the Senator has referred, does any political machine have the power to compel those employed by the contractor to contribute 2 percent of their salaries to the State political organization?



Mr. LUCAS. No; and no one has any power to do that at any time. If an individual contributes anything in Illinois, he does it voluntarily.

I desire to ask the Senator one other question, as to whether or not the bill, if it should be enacted, would keep an individual who is under the civil service from making a voluntary contribution of 2 percent, or 4 percent, or any other percentage?

Mr. NEELY. The bill does not prohibit voluntary contributions. It is designed to protect employees against involuntary contributions.

Mr. LUCAS. What evidence was there before the committee demonstrating or showing that there were certain political machines coercing and forcing employees to contribute?

Mr. NEELY. No evidence was taken, because the committee manifestly considered it unnecessary to prove self-evident truths.

Mr. LUCAS. Let me ask the Senator one more question, if I may. Was there any direct evidence before the committee which convinced the committee beyond any question of a doubt that a certain political machine in the Senator's State, or in any other State was coercing and intimidating certain State employees, and forcing them to contribute any specific amount toward an election?

Mr. NEELY. As I have just stated, no evidence was taken by the committee. Personally I have quite a collection of affidavits in my office in which the affiants allege all and more than the Senator's question states or implies.

Mr. LUCAS. Before the Senator from Illinois votes upon a bill of this kind, he would like to know what the evidence discloses before the committee of which the Senator is a member, because that is very important to me. It is one thing to make a charge of intimidation and coercion upon the part of individuals who are within a State machine, and it is another thing to bring the proof adduced before the committee; and that is what the Senator from Illinois is interested in.

I think the committee report should show some facts along the line the Senator is discussing before we are compelled to vote upon this bill, and I think the Senator ought to tell us about those facts.

Mr. NEELY. Mr. President, it is my hope that in the course of the debate that precedes a vote on the bill sufficient evidence will be adduced to convince the Senator from Illinois that political conditions which now exist in certain States should be reformed, and that the desired reformation can be accomplished only by passing the measure now under consideration.

Mr. LUCAS. Of course, the Senator knows more about what is going on in the State of West Virginia than the Senator from Illinois does, but I do not want the Senator from West Virginia to use an example in his own State and attempt to apply that to every other State in the Union, unless he has the facts to prove it.

Mr. NEELY. Mr. President, the innocent do not fear the death penalty provided by the law against murder. The politically pure in heart and conduct, whether in West Virginia or Illinois, will never fear the penalties provided by the pending bill, nor will they ever be compelled to pay them.

Mr. LUCAS. Mr. President, will the Senator further yield?

Mr. NEELY. I yield.

Mr. LUCAS. I wish to say to the Senator from West Virginia that there is no one more interested than the Senator from Illinois in clean election and in antagonism against anyone who would intimidate or coerce any individual who is on a State or Federal pay roll for the purpose of obtaining money or votes in order to control an election. What the Senator from Illinois is complaining about is assertions and charges that were made by the Senator from West Virginia. As I understood from the Senator's statement, there was no evidence which was adduced before the committee which would prove the fact that there has been such coercion and intimidation in any part of the United States except from the personal

knowledge of the Senator from West Virginia as to what happened in his own State.

If there is no evidence before the committee proving the assertions of intimidation and coercion, I say that is wrong, and that, Mr. President, is what I am complaining about.

In my experience as an attorney at law for a considerable number of years I have never been able to win any lawsuits by categorical assertions and conclusions. I had to produce facts upon which to base those assertions and conclusions. The Senator from West Virginia must show me some facts about these State machines, and I do not care whether they are in his State, whether they are in New York, in Illinois, or in any other State.

I never yet have known of a State, whether it was Democratic or Republican, that did not have some kind of a State machine. I have never seen anyone yet who was running for public office, whether it was the Senator from West Virginia or the Senator from Illinois, who was not anxious to obtain and enlist all of the support that he could get, honorably and honestly, of course. But when it is said that this State or that State throughout the United States, through a corrupt political machine, is intimidating and coercing this individual and that individual to the tune of paying 2 or 4 or 6 percent, or whatever they are compelled to pay, I say that those charges should be proven by competent evidence before a committee; and, so far as I am concerned, until those charges are proven, until the report shows that those charges are true, I cannot support the Senator's bill.

Mr. NEELY. Mr. President, let us hope that at the proper time there may be submitted sufficient evidence to convince the Senator that he should support the bill.

May I inquire of the able Senator from Illinois whether he voted for the Hatch bill?

Mr. LUCAS. I refer the Senator from West Virginia to the Senator from New Mexico [Mr. HATCH] in respect to that matter. Let me say to the Senator from West Virginia that the Senator from Illinois has never followed the path of speculation and conjecture upon fundamental problems of government. The Senator from Illinois attempts to analyze every bill that is before the Senate with the best ability and judgment that God endowed him, and he tries to decide the questions upon the merits as he sees them, and that is exactly the way he will continue to act so long as he is in the United States Senate, politics notwithstanding.

Mr. NEELY. Mr. President, all that is to the Senator's credit. But will he not state whether he voted for or against the Hatch bill?

Mr. LUCAS. As I said previously, I refer the Senator from West Virginia to the Senator from New Mexico [Mr. HATCH].

Mr. HATCH. Mr. President, does the Senator from West Virginia desire me to answer that question?

Mr. NEELY. Yes; I should welcome an answer from the Senator from New Mexico or any other reliable source.

Mr. HATCH. The bill to which the Senator referred was referred to the Committee on Privileges and Elections. The Senator from Illinois [Mr. LUCAS] is one of the able committee members. Throughout the consideration of that bill the Senator from Illinois not only worked with the committee but he conferred with me more than once, and he earnestly supported the bill, I think, in its entirety from the time it was referred to the committee until it was favorably reported by the committee, and he voted for the measure on the floor of the Senate.

Mr. NEELY. Were any hearings on that bill conducted by the committee?

Mr. HATCH. We took no testimony before the committee. We did not seek to apply the bill to any special state of facts. In fact we kept away from anything of that sort. We discussed the situation merely from the standpoint of principle and legislation—what the law ought to be. We did not try to say that here there has been corruption, or there there has been corruption, but we tried to build a law simply from the standpoint of principle and legislation which should be enacted.

Mr. NEELY. Mr. President, the Senator from New Mexico, to my knowledge, has read the bill to which this report refers.

Mr. HATCH. Yes.

Mr. NEELY. Does the Senator consider that it refers to any isolated case or specific situation in a particular State?

Mr. HATCH. No.

Mr. NEELY. Does he not think that it is as general in its nature as the Hatch law and that it applies to every State in the Union?

Mr. HATCH. Yes.

Mr. NEELY. Since the Senator from Illinois cannot vote for the pending bill without record evidence to support it, can the Senator from New Mexico inform us how the Senator from Illinois was induced to vote for the Hatch bill, on which there were no hearings, and in support of which not a word of evidence was ever recorded?

Mr. LUCAS. Mr. President, the only thing I was complaining about—and I will come back to the same thing I said before—is that the Senator asserted that there were corrupt machines which were intimidating and coercing folks who were on the State pay rolls of this country for the payment of 2 percent and other sums into a State political machine, and I merely asked the Senator what facts he had on which to base that assertion. That is all.

Mr. NEELY. Will the Senator, on his responsibility as a Member of this body, say that he believes that the practice mentioned does not now prevail in any State in the Union?

Mr. LUCAS. Oh, I believe a lot of things occur in this country, but believing something and proving it are two different things. As I said before, I am simply one of those individuals who are realistic enough to wait until information comes forward before they take action.

Mr. HATCH. Mr. President, will the Senator yield again?

Mr. NEELY. I yield.

Mr. HATCH. Several sections of the bill to which the Senator is referring relate specifically to relief. There were ample charges of misuse of funds, and we did have before our committee and made use of the full and complete report of the Sheppard committee, which had assembled the facts and laid them before our committee.

Mr. NEELY. Mr. President, I ask unanimous consent that the report, as I have read it, be printed in the RECORD without interruption, and that the colloquies which have occurred appear at the conclusion of the report.

Mr. MINTON. Mr. President, what was that unanimous-consent request?

The PRESIDING OFFICER. The Senator from West Virginia asked leave to have the report printed in the RECORD without interruption and to have the colloquy which occurred during the reading of the report appear at the conclusion of the report.

Mr. MINTON. I have no objection to that, Mr. President. I simply do not want any more "Hatch Acts" passed without knowing about the matter.

The PRESIDING OFFICER. Without objection, the request of the Senator from West Virginia is granted.

#### CORRECTION OF STATEMENT CONCERNING BOOK BY STEPHEN RAUSHENBUSH

Mr. MINTON. Mr. President, on October 23, 1939, in the course of the debate on the Neutrality Act, in a colloquy with the senior Senator from Missouri [Mr. CLARK], I made some reference to a book written by Mr. Stephen Raushenbush. My remarks were to the effect that in writing the book use was made of the Munition Committee's records before they were available to the public. I made that statement in good faith in the course of the debate, not having in mind the exact date the book came off the press. Mr. Raushenbush has written me a letter taking exception to that statement, and pointing out wherein I was in error. I suppose he is in possession of the facts. I had no intention of doing any injustice to Mr. Raushenbush. In order that this error may be corrected I ask unanimous consent that Mr. Raushenbush's letter to me be printed in the RECORD at this point as part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., November 5, 1939.

MY DEAR SENATOR MINTON: I am sure you will wish to rectify an injustice which, I feel sure, you did to me unintentionally.

In the CONGRESSIONAL RECORD of October 23, 1939, on page 718, you are reported as having said that I "wrote a book, using the Munitions Committee's records before they were made available to the public."

This is a reflection on my honesty and integrity as a public servant and as an individual. This is of intense importance to me.

Your statement was completely incorrect. The Munitions Committee disbanded in March 1936, after which date no further documents were put into the record. I resigned at that time, with the thanks of the committee members for loyal and hard work. The book to which you refer did not appear until over a year later in May of 1937. No work on it was done while I was with the committee or during the life of the committee. It was not even thought of at the time. Further, not a single document not put into the public record was used in that book or in a later one which appeared in the fall of 1937, or in any other of my writings at any time. The work on the book, War Madness, was not even begun until January 1937, 9 full months after the end of the committee's work.

This is a complete and total denial of the comment made on the floor. Nobody will be able to find any reference in any of my works to information not made public by the Senate committee, nor were there any publications before the Senate committee had finished completing its work.

It may interest you that the book in question was not written for profit. My wife and I wrote it without any such expectation, and although it has sold over 150,000 copies, we have not received a penny. We believed at the time it was important for the public to know the results of that particular investigation.

I realize that my name was an incidental to the debate at the time, and not a major issue. Yet the unwarranted and unjustified reflection on me has gone out to the country. This is a result you doubtless did not intend, and I am sure you believed your informants, whoever they were, were not in error.

I do not in any way to embarrass you, but my name and reputation are my only wealth and you can understand my desire to protect them. I am appealing to your sense of justice. Would it not be possible for you to find some way to withdraw the statement made on the floor, in the heat of debate, or in some other way, counteract the effect?

Very sincerely yours,

STEPHEN RAUSHENBUSH.

Senator SHERMAN MINTON,  
Senate Office Building, Washington, D. C.

#### PROGRAM OF THE SENATE

Mr. BARKLEY. Mr. President, I wish to announce for the benefit of the Senate that it is proposed to adjourn until Thursday next, and that on Thursday we shall attempt to call the calendar for the consideration of unobjected-to bills. Also I have in mind one or two bills which we may seek to take up separately after the calendar has been called if they are not passed on the call of the calendar.

#### INSPECTION OF COAL MINES

Mr. NEELY. Mr. President, I avail myself of this opportunity to give notice that on Thursday next, after the call of the calendar, I shall move that the Senate proceed to the consideration of Senate bill 2420, No. 927 on the calendar, which provides for Federal inspection and examination of coal mines which produce coal that is carried in interstate commerce.

#### ADJOURNMENT TO THURSDAY

Mr. BARKLEY. I move that the Senate adjourn until 12 o'clock noon on Thursday next.

The motion was agreed to; and (at 2 o'clock and 49 minutes p. m.) the Senate adjourned until Thursday, January 18, 1940, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate January 16, 1940

#### UNITED STATES DISTRICT JUDGE

Hon. Thomas Glynn Walker, of New Jersey, to be United States district judge for the district of New Jersey. Judge Walker was given a recess appointment to this post as of December 20, 1939.



## UNITED STATES MARSHAL

Edwin G. Bolder, of Michigan, to be United States marshal for the western district of Michigan. Mr. Bolder is now serving in this office under an appointment which expired August 23, 1939.

## CONFIRMATIONS

*Executive nominations confirmed by the Senate January 16, 1940*

## SUPREME COURT OF THE UNITED STATES

Frank Murphy to be an Associate Justice of the Supreme Court of the United States.

## DEPARTMENT OF JUSTICE

Robert H. Jackson to be Attorney General.  
Francis Biddle to be Solicitor General.

## DEPARTMENT OF THE INTERIOR

Alvin J. Wirtz to be Under Secretary of the Interior.

## REGISTER OF LAND OFFICE

George A. Lingo to be register of the land office at Anchorage, Alaska.

## WORK PROJECTS ADMINISTRATION

R. L. MacDougall to be State administrator of the Work Projects Administration for Georgia.

Dean W. Miller to be State administrator of the Work Projects Administration for Idaho.

## APPOINTMENTS, PROMOTIONS, AND TRANSFERS IN THE REGULAR ARMY AND APPOINTMENTS IN THE NATIONAL GUARD OF THE UNITED STATES

NOTE.—The nominations of all persons named for appointment, promotion, or transfer in the Regular Army, and the nominations of all persons for appointment in the National Guard of the United States, which were received on the 4th and 8th instant, were confirmed en bloc. The names of the persons confirmed today will be found in the CONGRESSIONAL RECORDS for January 4 and 8, 1940, beginning on pages 32 and 102, respectively, under the caption "Nominations."

## POSTMASTERS

## ARKANSAS

William A. Branch, Paragould.  
James Hervey Bemis, Prescott.  
Herman H. Horst, Stuttgart.

## CALIFORNIA

Charles W. Spencer, Aptos.  
Joseph Freitas, Atwater.  
Will A. Shepard, Auburn.  
Clinton R. Chism, Bellflower.  
R. Bruce Munro, Big Bear Lake.  
Ica C. Adams, Brawley.  
Richard J. Wallace, Brentwood.  
David Angus Vogt, Bridgeport.  
Ira H. Grim, Campbell.  
Frederick L. Cary, Canoga Park.  
Ernest S. Bixler, Carmel.  
Minnie O. Bauhaus, Carpinteria.  
Charles D. Printz, Caruthers.  
Frank E. Faustino, Castroville.  
Manuel W. Lewis, Centerville.  
Walters R. McCutchen, Coachella.  
Frank Micheletti, Colma.  
Raymond D. Siler, Corning.  
William M. Kincaid, Cucamonga.  
Catherine L. Gasich, Cupertino.  
Ruby M. Podva, Danville.  
Edna M. Shelley, Dorris.  
Theo C. Gibson, Encino.  
Harry E. Crenshaw, Escondido.  
William J. Flowers, Ferndale.  
Roy L. Terrell, Jr., Grass Valley.  
Grace L. Harris, Holtville.  
Flo C. Wendelken, Idyllwild.

David S. Mason, Sr., Ione.  
Joseph M. Arnold, King City.  
Pauline New, La Crescenta.  
Ada E. Purpus, Laguna Beach.  
William S. Williams, Loomis.  
Oliver G. Miller, Maricopa.  
Harry B. Morey, Menlo Park.  
John H. Meyer, Millbrae.  
Elvin M. Mitchler, Murphys.  
Thomas H. Crosby, National City.  
William H. Adams, Newport Beach.  
Bertha R. Dal Porto, Oakley.  
Frances M. C. Enos, Pescadero.  
Hetty C. Bryans, Pixley.  
Elizabeth S. Pelle, Pleasanton.  
Joseph L. Hamilton, Puente.  
Garrett E. Curley, Rivera.  
Katherine A. Creedon, Rodeo.  
Harold P. Thoreson, San Bernardino.  
Floyd Godfrey, San Dimas.  
Albert G. Stewart, Sanger.  
Wilkin B. Sheldon, San Martin.  
Philip T. Hill, Santa Monica.  
Eugene J. Cordeau, Jr., San Ysidro.  
Lutheria F. Cunningham, Saratoga.  
Joseph P. Quinlan, South San Francisco.  
William E. Emick, Temple City.  
George H. Gischel, Tracy.  
Myrtle M. Knouse, Westminster.  
E. H. Cain, Westmorland.  
Alva A. Wilson, Willits.  
Olye Beard, Yorba Linda.  
Fred C. Alexander, Yosemite National Park.

## COLORADO

George Cole, Monte Vista.

## CONNECTICUT

Helen O. Gatchell, Andover.  
Frank E. Hurgin, Bethel.  
Mary W. Pinney, Bloomfield.  
Francis A. Gagnon, Danielson.  
Charles E. Batayte, Granby.  
Thomas S. White, New Milford.  
Patrick H. McCarthy, Newtown.  
Louis P. Despelteau, North Grosvenor Dale.  
Raymond Cuzzocreo, Orange.  
Francois X. Vadnais, Putnam.  
Joseph H. Fahey, Springdale.  
William B. Hanley, Stafford Springs.  
James O. White, Taftville.  
Nellie U. Schumey, Warehouse Point.  
Samuel Berkman, Yantic.

## FLORIDA

Sam Wooten, Bradenton.  
Alexander M. McDaniel, Bunnell.  
William P. Wilkinson, New Smyrna Beach.  
Helen A. Thompson, Orange City.

## GEORGIA

Blanche Chambless, Alapaha.  
Ire Leggett, Baxley.  
John G. Butler, Blakely.  
Essie T. Patterson, Byromville.  
James Paul Williams, Chipley.  
Wiley H. Johnston, Cordele.  
Nathan J. Thompson, Hamilton.  
Morgan Thompson, Hawkinsville.  
Olive S. Fraser, Hinesville.  
William Peyton Cravey, Milan.  
George S. Gardner, Montezuma.  
Sara K. Polk, Moreland.  
Spencer K. Allen, Nahunta.  
Joseph D. Holland, Nashville.  
Isaac F. Arnaw, St. Marys.  
Doddridge K. Houser, Shannon.

## IDAHO

Edward W. Cronkhite, American Falls.  
 Carl A. Rohrman, Culesac.  
 Ralph R. Fluharty, Eagle.  
 Hastings Brown, Kamiah.  
 Clyde B. Urban, Kimberly.  
 Chester F. Angel, Lapwai.  
 Mercedes Tremblay, Priest River.  
 Harry B. Colwell, Rupert.  
 Ezekiel L. Holman, Sugar.  
 Herman A. Krier, Troy.

## INDIANA

Cary A. Davis, Albion.  
 Otto N. Hennefent, Alexandria.  
 C. Blanche Webster, Bloomington.  
 James W. Odell, Chalmers.  
 Earl W. Miller, Coal City.  
 Gerald L. Knox, Converse.  
 Leo W. Kirsch, Decatur.  
 Evan G. Moreland, Hymera.  
 Orval E. Monahan, Jonesboro.  
 Rowland R. Morgan, Knightstown.  
 Harry R. Groat, Lagrange.  
 George L. Bridenbager, Liberty.  
 Samuel S. Poor, Macy.  
 John R. Smith, Pierceton.  
 Gerald W. Strole, Rensselaer.  
 Hester B. Worden, Rolling Prairie.  
 William L. Newbold, Rushville.  
 Russell L. Hildebrand, Sandborn.  
 Edward Lee Bliss, Vevay.  
 Sarah I. Crews, West Terre Haute.

## IOWA

William W. Sullivan, Algona.  
 Kathryn A. Fagan, Ayrshire.  
 Dorothy E. Wagner, Bagley.  
 Elbert R. Adams, Blockton.  
 George L. Lorton, Bonaparte.  
 Augustus W. Lee, Britt.  
 Carl O. Fatland, Cambridge.  
 Rose M. Brooks, Cleghorn.  
 LeVerne Riggs, Cumberland.  
 Joseph P. Burke, Dunlap.  
 Carl E. N. Jensen, Elk Horn.  
 Blanche M. Olsen, Ellsworth.  
 John B. Murphy, Fairbank.  
 Edward A. Kregel, Garnavillo.  
 Carl O. Roe, Garner.  
 Anna C. Lundvick, Gowrie.  
 Otis T. Newgaard, Hubbard.  
 L. B. Sutton, Inwood.  
 Christian Anker Hald, Kimballton.  
 Glenn C. Teeter, La Porte City.  
 James A. Phelan, Larchwood.  
 Raymond A. Johnson, Latimer.  
 DeEtta I. Peterson, Manly.  
 Mark A. Trumbull, Manson.  
 Bessie E. Sykes, Maynard.  
 Glendon R. Streepy, Menlo.  
 Esther S. Wheeler, Newhall.  
 William J. Gleason, New Hampton.  
 Ellsworth G. DeJong, Orange City.  
 Theodore F. Schmitz, Ossian.  
 Tomie L. Smith, Pleasantville.  
 Florence M. White, Riceville.  
 Harry V. Brooks, Saint Charles.  
 Arend Balster, Jr., Scotch Grove.  
 Chris H. Bokmeyer, Sheffield.  
 Cleveland J. Long, Stanwood.  
 Augustus J. Oberg, Stockport.  
 Lewis R. Kinsey, West Branch.  
 Carroll E. Caslow, Yale.  
 Donald H. Grimm, Zearing.

## KANSAS

George S. Frere, Arma.  
 Zenobia A. Kissinger, Bennington.  
 Harold F. Mills, Bunkerhill.  
 Max Dolan, Clifton.  
 Hubert C. Akers, Dighton.  
 Elizabeth L. Betts, Dorrance.  
 George Leo Duncan, Douglass.  
 Rolan C. Barrett, Frankfort.  
 Charles Cicero, Frontenac.  
 Bertha E. McClain, Gaylord.  
 Dominic Brungardt, Grainfield.  
 Pauline A. McCann, Hardtner.  
 Thomas H. Boyle, Hoisington.  
 Matilda E. Albright, Hope.  
 Alfred M. Nall, Johnson.  
 Amy Pickrel, Kanorado.  
 William Westling, Marquette.  
 Leslie Eugene Harvey, Minneapolis.  
 Albert Cameron, Mulberry.  
 Carrie C. Scott, Oxford.  
 Margaret K. Converse, Pawnee Rock.  
 Edward J. Neely, Pomona.  
 Dick A. De Young, Prairie View.  
 Raymond E. Elder, Quenemo.  
 Caroline Doerschlag, Ransom.  
 Raymond K. Artas, Russell.  
 Wendel J. Schulte, Westphalia.

## MAINE

Charles L. Ripley, Andover.  
 Charles H. Cahill, Bath.  
 Arthur E. Herrick, Bethel.  
 Claude D. Garnache, Biddeford Pool.  
 William P. Rosebush, Brownville Junction.  
 John J. Harriman, Cherryfield.  
 Armand J. Dupont, Chisholm.  
 Albert G. Mahar, Dennysville.  
 William W. Eustis, Dixfield.  
 George L. Hawes, East Corinth.  
 Carlton A. Simmons, Friendship.  
 Earle B. Files, Gorham.  
 Helen L. Swan, Hampden Highlands.  
 Donald L. Needham, Hebron.  
 Ernest F. McCloskey, Howland.  
 Loton R. Pitts, Naples.  
 Clarence M. Staples, North Berwick.  
 Albert A. Towne, Norway.  
 Charles E. Hamlen, Ocean Park.  
 Jeremiah M. Minahane, South Berwick.  
 Henry J. Saucier, Van Buren.  
 Mary M. Freeman, Washburn.  
 Michael J. Kennedy, Woodland.  
 Thomas J. Donohue, York Beach.

## MARYLAND

Thomas Bayard Crew, Betterton.  
 Margaret T. Johnson, College Park.  
 Egbert L. Quinn, Jr., Crisfield.  
 James C. Shriver, Cumberland.  
 Edmund H. Bray, Easton.  
 Claudine M. Friend, Friendsville.  
 Edward J. Donohue, Frostburg.  
 Herbert C. Estep, Glen Burnie.  
 Showard T. Culver, Hebron.  
 Beverly L. Barnes, La Plata.  
 Russell B. Hoshall, Parkton.  
 Mary C. Bishop, Queenstown.  
 John W. Davis, Ridgely.  
 George L. Edmonds, Rockville.  
 Francis H. Blake, Sparks.  
 Millard H. Weer, Sykesville.  
 Herman W. Hurst, Vienna.  
 Harry W. Barrick, Woodsboro.  
 Edward F. Cavey, Woodstock.



## MICHIGAN

Marion E. Shaw, Armada.  
 Robert E. Bradin, Barryton.  
 Jack W. Foster, Bellaire.  
 Ernie T. McGlothlin, Belleville.  
 Clifford F. Eastman, Beulah.  
 Paul H. Totten, Brooklyn.  
 William H. Cronin, Brown City.  
 Verne R. Moran, Carney.  
 Dennis D. Davis, Cedar Springs.  
 Edwin Dutcher, Cedarville.  
 Roger J. Tobin, Channing.  
 Sarah G. Howard, Custer.  
 James A. McDonald, Detour.  
 Milo E. Potter, Dundee.  
 Darwin Clinton Moore, Durand.  
 Earl E. Young, East Lansing.  
 John A. Campbell, Ewen.  
 Jennie R. Bingham, Farwell.  
 Dennis E. Kelleher, Fenton.  
 Harry T. McKerring, Flushing.  
 Ernest Halfmann, Fowler.  
 William J. Putnam, Goodrich.  
 Philip J. Debri, Grandville.  
 James McDonnell, Grayling.  
 Daniel A. Holland, Hancock.  
 Henning R. Sjolander, Ishpeming.  
 Peter P. Quinlan, Keego Harbor.  
 Marie L. Yaroch, Kinde.  
 Geraldine M. O'Hearn, Marne.  
 Elizabeth M. Lynch, Mayville.  
 Charles Davidson, Memphis.  
 John H. Holmers, Mio.  
 Joseph Villemure, Newberry.  
 Fred E. Van Atta, Northville.  
 Bert A. Onsted, Onsted.  
 Joseph L. Dobbek, Ontonagon.  
 Francis E. Maloney, Osseo.  
 Myrtie M. Miller, Perrinton.  
 Frank L. Brighenti, Ramsay.  
 Frank D. Kruger, Ravenna.  
 John L. Lucas, Romeo.  
 Charles F. Crawford, Schoolcraft.  
 Edmund L. Ashworth, Shepherd.  
 Lynn G. Whitmore, Sherwood.  
 Lyle O'Connor, Sparta.  
 William A. Hammond, Spring Lake.  
 John J. Corbett, Stambaugh.  
 Anthony M. Rokosz, Standish.  
 Clifford B. Brown, Stephenson.  
 Spencer E. Pinckney, Stockbridge.  
 Albert M. Lewis, Swartz Creek.  
 Franklin A. Kolb, Unionville.  
 Edwin J. Simpson, Walkerville.  
 Norman J. Halmich, Warren.  
 Julia C. Haynor, Wheeler.

## MONTANA

Joseph W. Campbell, Absarokee.  
 Frank J. J. Finnegan, Anaconda.  
 Mearl L. Fagg, Billings.  
 Howard H. Harrison, Bridger.  
 Clarence W. Hektner, Dutton.  
 Clarence A. Smithy, Hamilton.  
 Joseph Raymond Wine, Helena.  
 William T. Shaw, Jr., Lodge Grass.  
 Frank L. Jimerson, Nashua.  
 Mary E. Matthews, Oilmont.  
 Sophia J. Guthrie, Reedpoint.  
 Margaret Huppe, Roundup.  
 Peter P. Brandenthaler, Terry.  
 Alice E. Hansen, West Yellowstone.  
 Hiram B. Cloud, Wolf Point.

## NEBRASKA

Melvin A. Brinegar, Alexandria.  
 Francis J. Brennan, Alliance.  
 R. Elmer Harmon, Auburn.  
 Alberta L. Walkington, Bartley.  
 William J. McCorkindale, Bellevue.  
 George D. Carroll, Brady.  
 William Fred Hund, Cedar Bluffs.  
 Albert Bernard Hassmann, Coleridge.  
 Earl B. Hardeman, Crete.  
 Fred Ferguson, Deshler.  
 Augusta Z. Bowen, Dunning.  
 John L. Withers, Elwood.  
 Margaret E. Patterson, Gretna.  
 Tom D. Morris, Holdrege.  
 Ben D. A. Quigley, Indianola.  
 George D. Parker, Johnson.  
 George L. O'Gara, Laurel.  
 Frank E. Faling, Maywood.  
 Rose T. Fleming, Monroe.  
 Lenna L. McReynolds, Nehawka.  
 Kenneth A. Scofield, Neligh.  
 Patrick F. Tully, North Bend.  
 Harold M. Morris, Oshkosh.  
 Albert H. Bahe, Ohioa.  
 Ben G. Worthing, Overton.  
 Archer E. Ovenden, Pawnee City.  
 Irene H. Roberts, Paxton.  
 Bruce P. Boyd, Pierce.  
 Milo W. Price, Plattsmouth.  
 Adolf E. Kaspar, Prague.  
 Mary B. Kanaly, Rulo.  
 Otto E. Nelson, St. Paul.  
 William P. Cowan, Stanton.  
 Earl W. Isgrig, Tekamah.  
 Mary E. Corkle, Tilden.  
 William M. Gross, Wisner.

## NEVADA

Mary C. McNamara, Elko.  
 Alfred Tamblin, Ely.  
 John J. Noone, Goldfield.

## NEW MEXICO

Robert W. Cumpsten, Hagerman.

## NEW YORK

Josephine Adams, Blue Point.  
 John Hartigan, Chatham.  
 Jeremiah J. Reagan, Clymer.  
 Timothy C. Sullivan, Comstock.  
 Helen S. Peck, Crown Point.  
 Laura M. Sullivan, Dundee.  
 John F. Kelly, Fleischmanns.  
 Nellie B. Taillon, Fort Covington.  
 John V. Kelly, Friendship.  
 Sister Mary Valeria Desmond, Gabriels.  
 J. Edward Moore, Grand Gorge.  
 Frank L. Brady, Harriman.  
 William A. Danaher, Horseheads.  
 Burton D. Calkin, Lake Huntington.  
 Charles E. Williams, Middlesex.  
 Eugene M. Galley, Montour Falls.  
 Joseph F. Hubert, Northport.  
 Harry Ray Phelps, Painted Post.  
 Frederick M. Jones, Red Creek.  
 Cletus T. Glackin, St. Bonaventure.  
 John W. Moore, Savona.  
 Majorie W. Gehrke, Sidney Center.  
 George W. Kelly, Sodus.  
 Eugene F. Govern, Stamford.  
 Mary C. Eichhorn, Thornwood.  
 Joseph Hilton, Voorheesville.  
 William J. Eagan, Wappingers Falls.  
 John W. Gurnett, Watkins Glen.

Leon L. Baker, Willsboro.  
Walter J. Reynolds, Woodhull.

## NORTH CAROLINA

Thomas B. Miller, Apex.  
Bethany Campen, Bayboro.  
Wiley H. Taylor, Beaufort.  
Clendenon D. Mallonee, Candler.  
Paul A. Williams, Clayton.  
James O. Purnell, Franklinton.  
Claude M. Peeler, Granite Quarry.  
William G. Crutchfield, Haw River.  
Benjamin H. Mintz, Marble.  
James A. Barnes, Middlesex.  
John M. Kennette, Mooresville.  
Frances G. Thompson, Morven.  
Margaret T. Ledbetter, Polkton.  
Annie L. Scott, Sanford.  
Henry E. Earp, Selma.  
Orlando H. Hodges, Spray.  
Fred M. Mills, Wadesboro.  
Eugene J. Johnson, Wallace.  
Paul E. Merchant, Weldon.

## OKLAHOMA

Jean C. Petty, Caddo.  
Abraham Van Dyke Robinson, Claremore.  
Christopher C. Copeland, Cordell.  
Jesse W. Haydon, El Reno.  
Louie S. Andersen, Harrah.  
Lizzie E. Capehart, Jay.  
Bessie R. Willis, Maysville.  
Charles E. Fair, Sulphur.  
Clarence Knappenberger, Watonga.  
Ethel N. Anderson, Waurika.  
John E. Jennings, Wynne Wood.

## OREGON

Earl B. Burch, Amity.  
Marvin O. Hawkins, Coquille.  
Martin W. Moseley, Halfway.  
Mabel M. Cummings, Philomath.

## SOUTH CAROLINA

James M. Riley, Allendale.  
James R. Thompson, Andrews.  
Dewey Stephens, Dillon.  
Paul M. Davis, Donalds.  
John H. Payne, Johnston.  
Raymond R. Phillips, Seneca.

## TENNESSEE

Mamie D. Phillips, Brighton.  
Vance C. Pendleton, Bullsgap.  
Jere Gardenhire, Carthage.  
Ethelbert C. Cross, Clinton.  
James S. Akin, Copperhill.  
Pearl M. Harris, Dandridge.  
William H. Pritchett, Dresden.  
Grace G. Shell, Elizabethton.  
John T. Franklin, Gallatin.  
Elder M. Ogle, Gatlinburg.  
Emmie A. Williams, Green Briar.  
Robert M. Cobb, Mascot.  
Everett M. Smith, Maynardville.  
Bertha L. Loy, New Market.  
David H. Ensley, Old Hickory.  
Moda M. Marcum, Oneida.  
William E. Hobbs, Petros.  
William T. Christian, Roan Mountain.  
Hugh L. Hicks, Rockwood.  
Hamilton H. Taylor, Sr., Rutherford.

## TEXAS

Allan H. White, Amherst.  
Edgar W. Burkett, Andrews.  
Richard W. Taylor, Asherton.  
Dorothy Wilson Hancock, Beeville.  
Thomas R. West, Benjamin.

Leon C. Smith, Bishop.  
Louise H. Clark, Blossom.  
William G. Davis, Boerne.  
Alpha R. Garton, Booker.  
John E. Morris, Borger.  
William F. Robinson, Bowie.  
Claud A. Howard, Bronson.  
Ephraim B. Hyer, Buckholts.  
Jewell M. Barber, Buda.  
Ross H. Johnson, Burnet.  
I. Walton Ingle, Caddo Mills.  
Emma C. Brannon, Carthage.  
Victor Debbs Brown, Centerville.  
Marie W. Smith, Chapel Hill.  
Luther H. McCrea, Cisco.  
Roy Leonard Doak, Cleburne.  
Alvin L. Bronstad, Clifton.  
Raymond C. Clemer, Clyde.  
Roy B. Miller, Crawford.  
Edna Williams, Eden.  
George H. Barney, Sr., Ennis.  
Thomas R. Bennett, Falfurrias.  
Barbara H. Smith, Floydada.  
Alva C. Cotney, Follett.  
Cleo K. Hinton, Forney.  
Curtis R. Blake, Frost.  
Cecil H. Tinsley, Gainesville.  
Floy H. Latham, Gary.  
Juanita M. Thomas, Gause.  
Elinor M. Thomas, Goose Creek.  
Sue DeFord, Gordon.  
Chevis R. Cleveland, Granbury.  
Anton C. Mussil, Granger.  
Jeff Gray, Groom.  
Blanche J. Bergin, Gruver.  
Hugh E. Minshew, Hawkins.  
Ansley M. Winsett, Higgins.  
Balda J. McMillan, Hughes Springs.  
Boliyar C. Ivy, Huntington.  
Eunice N. Seale, Jasper.  
William R. Seale, Karnes City.  
Henry W. Haynie, Kemp.  
James A. Greer, Kopperl.  
Alwyn L. Golden, Leonard.  
Woster E. Everett, Lometa.  
James Knox Bivins, Longview.  
Lucian Everett Wilhite, Lueders.  
Walter J. Box, Lyford.  
E. Otho Driskell, Mansfield.  
Charles C. Canuteson, Moody.  
Mary N. Winder, Morton.  
John M. Green, Mount Enterprise.  
Floyd Lee Haymes, Munday.  
Clyde H. Prestwood, Navasota.  
Crecy Longmire, Newgulf.  
Cecil R. Coale, Orange.  
Jewell H. Smith, Penwell.  
William Eugene Whitley, Pilot Point.  
Charlie C. Truitt, Pittsburg.  
Zella Cook, Pleasanton.  
Manda R. Fields, Ponta.  
Bronson C. Howell, Port Neches.  
Phil S. Bouchier, Post.  
Pennie S. Langen, Premont.  
Mary S. Henry, Rocksprings.  
Wyatt Williamson, Royse City.  
Marie J. Peterman, Santa Rosa.  
Oscar C. Hope, Scottsville.  
Clarence O. Bruce, Seagoville.  
Louise McElroy, Shepherd.  
Robert A. Meuth, Skidmore.  
Bluford W. Dodson, Snyder.  
Marvin S. Chambers, Spearman.  
Mary E. Holtzclaw, Tatum.  
Frank Folsom, Teague.



Helen A. Milhan, Terrell Wells.  
 Andy A. Baker, Tolar.  
 John M. Strawn, Trent.  
 Roy C. Owens, Tyler.  
 Emmett R. Cunningham, Van.  
 Revis F. Curry, Wellington.  
 Thomas J. Lilley, Whitewright.  
 Pat Hardage, Wichita Falls.  
 Ellis Campbell, Wills Point.  
 Robert E. Blair, Windom.  
 Rowland A. Butler, Winnsboro.  
 Harvey O. Jones, Winters.

## VIRGINIA

John Owen Lynch, Alexandria.  
 Harvey R. Stebbins, Ashland.  
 Oneda Carbaugh Osburn, Bluemont.  
 Leon W. Jones, Buckingham.  
 Utah A. Amburgey, Castlewood.  
 Edwin B. Sanders, Chilhowie.  
 James Tolby Owens, Clintwood.  
 Elizabeth B. Mosby, Columbia.  
 William J. Story, Courtland.  
 Thomas B. McCaleb, Covington.  
 Margaret T. Daniel, Craigsville.  
 Samuel H. Dawson, Crozet.  
 John Wesley Moore, Eastville.  
 Beatrice B. Higginbotham, Forest.  
 Elizabeth L. MacMillan, Glasgow.  
 Philip R. Cosby, Grottoes.  
 Lawrence L. Jacobs, Hanover.  
 William B. Owen, Jarratt.  
 James E. Thomas, Marion.  
 Grover T. Huffman, New Castle.  
 David E. Earhart, Nokesville.  
 Pitt M. Watts, Orange.  
 Harry Thomas, Scarborough, Parksley.  
 Gladys L. Robinson, Pound.  
 Edgar W. Sims, Rapidan.  
 Harvey G. McGlothlin, Richlands.  
 Vincent W. Joyner, Smithfield.  
 Zuleime H. Sealock, Sperryville.  
 William W. Ware, Jr., Toano.  
 Kenneth C. Johnson, Willis Wharf.

## WASHINGTON

Kenneth K. King, Addy.  
 Tollie M. Livingston, Bridgeport.  
 Jennie B. Simmons, Carnation.  
 William W. Woodward, Darrington.  
 James C. Weatherford, Dayton.  
 Joseph C. Larin, Eatonville.  
 Walter A. Gross, Enumclaw.  
 Dirk C. Thiemens, Ephrata.  
 Walter A. Arend, Friday Harbor.  
 Harry Lynehan, Ilwaco.  
 Mary Mallory, Mansfield.  
 Leon L. Stock, Marysville.  
 Gladys E. Gillmore, Medical Lake.  
 Felix P. La Sota, Metaline Falls.  
 Loren E. Harris, Moses Lake.  
 Roy Emerson, North Bonneville.  
 David N. Judson, Oak Harbor.  
 Iriene E. Olson, Oakville.  
 Arthur A. Barnes, Pasco.  
 Floyd L. Magill, Randle.  
 Edwin C. Peddicord, Richland.  
 Will H. Lamm, Stevenson.  
 William T. Davis, Toppenish.  
 Leroy McClain, Washougal.  
 Eva S. Baccus, Yacolt.

## WEST VIRGINIA

William Perkins, Bradshaw.  
 Virgil W. Knight, Burnsville.  
 Wilma J. Starcher, Cowen.

Samuel A. Cockayne, Glen Dale.  
 Clair W. Overstreet, Matewan.  
 William H. Johnson, War.

## HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 16, 1940

The House met at 12 o'clock noon.

Rev. Joseph M. M. Gray, D. D., Litt. D., chancellor, the American University, Washington, D. C., offered the following prayer:

O God and Father of us all, whate'er our name or sign, let Thy blessing, we pray Thee, rest upon this Congress now in session, that its discussions may report progress and understanding and its decisions register not the issues of controversy but the achievements of wisdom. Grant, we pray Thee, that all law here enacted may strengthen righteousness, that all restraints imposed may be so directed as to sustain our American democratic ways of life.

Enhance, we pray Thee, the force and meaning of our American tradition with gifts of ever-deepening insight into those qualities of obligation and advantage without which there can be neither genuine liberty nor the just exercise of power.

In this world in time of war we pray Thee to direct our minds of those strategies of domestic accord and international cooperation upon which alone the freedom and security of men everywhere may rest. We pray Thee to grant to the President of these United States and to all in authority the endowment of health and rectitude, and to all the people of our Commonwealth we pray Thou wilt give the benefactions of industry and honor. We ask through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## EXTENSION OF REMARKS

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address I delivered last night.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting some short editorials from the Cincinnati Enquirer on the subject of the elimination of stream pollution.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Chattanooga Times.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article from the Wall Street Journal about the State of Alabama, the North Discovers the South.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATRICK. Mr. Speaker, I ask unanimous consent again to extend my remarks and to include therein a speech on the State of Vermont.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

## INDEPENDENT OFFICES APPROPRIATION BILL, 1941

Mr. WOODRUM of Virginia (from the Committee on Appropriations) reported the bill (H. R. 7922) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1941, and for other purposes (Rept. No. 1515), which was referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. DIRKSEN reserved all points of order against the bill.

## THE LATE HONORABLE NATHAN L. STRONG

Mr. TIBBOTT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. TIBBOTT. Mr. Speaker, it is fitting and proper that we pause for a few moments to pay tribute to a former distinguished Member of this body who has recently been summoned by death. There are those serving here now who will remember Hon. Nathan L. Strong, from the Twenty-seventh Pennsylvania District, which district I now have the honor to represent, and who will be saddened to learn that his long and useful life came to a close on December 14, 1939. He died at his home at Brookville, Pa., at the age of 80 years, after an illness which confined him to his bed for several weeks.

Nathan L. Strong was born at Summerville, Jefferson County, Pa., November 12, 1859, a son of Frederick J. Strong, who was a member of Company G, Eleventh Pennsylvania Cavalry, in the Civil War, and Roxy Wolcott (Jacox) Strong, who was a direct descendant of Oliver Wolcott, one of the signers of the Declaration of Independence.

In the life of Nathan L. Strong one can see the accomplishments made by an American youth under adverse circumstances. The fact that it was impossible for him to remain in school did not prevent him from fitting himself for the battles of life. At an early age of 18, while employed as a telegraph operator, he spent his evenings and leisure moments studying law, finally being admitted to the bar in the State of Pennsylvania in 1891. Two years after his admittance to the bar he was selected district attorney in his home county of Jefferson, and later engaged in the active practice of law and of promoting the building of a railroad through the district which he represented in Congress.

Mr. Strong was elected to the Sixty-fifth, or "war," Congress, and his record as a Member of this body was so outstanding that his constituency returned him to Congress for eight consecutive terms.

He was an authority on mineral resources of Pennsylvania and a valuable member of the Committee on Mines and Mining. He was also an outstanding member of the Rivers and Harbors Committee, and it was through his efforts that improvements on the Allegheny River were made, which was a great service to the transportation in the large mining and industrial section of Pennsylvania through which that stream runs.

During his 18 years' service in Congress, Nathan L. Strong took seriously the duties and responsibilities of his office. He was most zealous in behalf of his constituents, giving his best efforts to any and all who appealed to him for aid. He was a loyal and patriotic citizen. Personal gain was always a minor motive in his life. His ambition being the development of the resources of the hills and valleys of his birth that the community might be prosperous; that the owners of land might realize upon the buried treasures; and that men might have employment. He was a man who had visions that became realities.

His was a life well lived, and we mourn his passing. To his sorrowing widow, Mary S. Strong, let us extend our most sincere sympathy, and our hope that she might find consolation in the fact that a faithful servant has gone to his just reward.

## EXTENSION OF REMARKS

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by Dr. Fosdick.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a Jackson Day speech made by the Honorable Paul V. McNutt.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. SHANLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech by Professor Emerson on the Scandinavian neutrals.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein quotations from four books and three magazines. I may say this will exceed the amount permitted, but I have an estimate from the Public Printer.

The SPEAKER. What is the amount of the estimate?

Mr. THORKELSON. It will exceed two pages, but I have an estimate with me from the Public Printer.

The SPEAKER. It is usual for a Member to state the amount of the estimate.

Mr. THORKELSON. It is \$202.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. THORKELSON]?

Mr. HOFFMAN. Mr. Speaker, reserving the right to object, what is it from—what magazine?

Mr. THORKELSON. From Liberty and other magazines.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. THORKELSON]?

There was no objection.

## PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Illinois. Mr. Speaker, I ask unanimous consent that on Friday of this week, after the disposition of business on the Speaker's table and at the conclusion of the legislative business in order for the day and previous special orders, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. SMITH]?

There was no objection.

## TRADE AGREEMENTS

Mr. SANDAGER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island [Mr. SANDAGER]?

There was no objection.

Mr. SANDAGER. Mr. Speaker, in his statement before the Committee on Ways and Means last Thursday, Secretary of State Hull made the following observation:

No evidence of serious injury has been adduced in the assertions and allegations which have been put forward by the opponents and critics of the trade-agreements program.

In answer to this may I say that on various occasions I have called the attention of the House to the damage done the lace industry of Rhode Island and of other States, and because of the assertion of Secretary Hull, I feel impelled to again cite the fact that, owing to the Franco-American trade agreement, the American lace industry today is practically at a standstill. In 1938 the loss in wages to American lace workers because of the trade agreement amounted to over \$3,500,000, and the loss for last year will be revealed as even greater.

The reason for this is apparent when the increase in French imports of lace since the Franco-American trade pact went into effect June 15, 1936, is shown.

Here are the figures:

Importations of laces in chief value of silk		Pounds
12 months average, 1932 to 1935	-----	11,721
1936	-----	46,641
1937	-----	151,642
1938	-----	247,623
1939 (10 months only)	-----	275,168

Nineteen hundred and thirty-nine, full year, will total at least 300,000 pounds as compared to 11,721 pounds normal average.



*Veilings of rayon and silk*

	Pounds
12 months average, 1932 to 1935.....	9,160
1936.....	21,647
1937.....	66,986
1938.....	107,437
1939 (10 months only).....	95,740

Nineteen hundred and thirty-nine, full year, will total over 100,000 pounds as compared to 9,160 pounds normal average.

*Cotton laces (of 12 points or finer)*

	Pounds
1936 (6 months).....	210,052
1937.....	431,111
1938.....	523,523
1939 (10 months).....	871,529

NOTE.—Prior to June 15, 1936, this item was not segregated in Government reports.

It is interesting to note that, despite the war, importations of this item are increasing materially. The following are importations for the month of October:

	Pounds
1936.....	20,271
1937.....	30,173
1938.....	50,496
1939.....	83,716

The jubilation over this upturn of business for Calais, where most of the French lace-manufacturing industry is located, is evidenced by an article which appeared in the French newspaper *LaPhare de Calais* last year, which reported as follows:

One hundred and ten millions of francs in lace manufactured in 1938, nine-tenths of which was exported to the United States.

The lace industry, which is one of the principal national industries, has already had for a certain time—that is, since the operation of the Franco-American treaty—a revival which cannot help but accentuate itself and indicates a continued success.

One can assert that the revival in our industry was brought about by the Franco-American treaty.

From what precedes, one can prophesy happy prospects for 1939, lace being everywhere in fashion, and prices permit meeting foreign competition.

Let us rejoice with all our hearts for this revival of a wonderful industry for the benefit of its creators, its workers, and for the entire Calais industry.

Later—to be specific, on June 3, 1939—we find the United States Consul James G. Carter, located at Calais, France, reporting that—

The Calais lace industry credits its current favorable position largely to American demand occasioned by benefits arising from the Franco-American trade agreement, the relatively low value of the franc compared with the dollar, and a distinct fashion trend in favor of lace.

And again, on November 16, 1939, United States Consul James G. Carter is quoted in a press release to this effect:

Calais' lace industry continues to offer a substantial contribution to France's export trade with the United States, notwithstanding the difficulties resulting from the war, according to a report from Consul J. G. Carter, Calais, made public by the Department of Commerce.

While activity in the lace industry has been reduced by more than 60 percent, shipments to the United States have not been affected in the same proportion, the report said. Outside of the American market, sales of French lace have become practically extinct, and France's total lace production may be considered to be destined for the United States.

From the above report it becomes obvious that importations of French laces, despite the war, continue to flood our American market to the detriment of American lace workers.

For 1938 the production of American lace dropped to 40 percent of the pre-trade-pact era. What production has existed in America has been at price levels so low, due to the tremendous influx of French laces into our market, that several American mills have been forced to close their doors, throwing their workers out of employment.

The difficulty of successful competition here with the French lace workers is further revealed in the fact that the American lace-manufacturing industry has been operating on a 40-hour week and with a minimum wage of \$13 per week, whereas it is reported that unskilled labor in French lace plants is receiving as low as from 50 to 60 francs per week of 48 hours, or \$1.13 to \$1.35 per week, about 10 percent of what the unskilled American worker in a lace mill receives.

The wages of skilled workers presents another graphic discrepancy. Following is a table showing the comparative weekly wages of lace workers in France and the United States:

Workers	United States	France
Brass-bobbin winders.....	\$21.20	\$5.40
Spoolers.....	15.20	4.05
Warpers.....	30.00	5.94
Bobbin presses.....	23.50	5.40
Menders.....	20.00	3.68
Sample girls.....	20.00	3.95
Card punchers.....	30.00	7.23
Machinists.....	35.00	9.20
Dyers (formula).....	50.00	11.18
Twist hands (weavers).....	55.00	18.00

Another factor which has contributed to the utter inability of the American lace industry to compete with France has been the depreciation of the franc.

On the effective date of the agreement—June 15, 1936—the French franc was valued at \$0.0653; on October 15, 1936—4 months later—at \$0.0466; on May 15, 1938, at \$0.0279; on December 13, 1939, at \$0.0224.

Article XI of the agreement makes provisions for abrogation or modification of the agreement "in event of a wide variation in the exchange rates." Our Government has taken no action, despite this wide variation.

Furthermore, the first paragraph of the preamble to the French agreement states that because there is stability in fact between the currencies, the agreement has been concluded. Since the World War the French franc has displayed great instability.

Responsible leaders in the American lace manufacturing industry claim that many petitions have been made to the Committee for Reciprocity Information, as well as to the State Department, to invoke article XI of the French treaty, which permits of abrogation or modification "in the event a wide variation in exchange rates occurs."

That the sad plight of the American lace manufacturing industry is directly attributable to the Franco-American treaty and the depreciation in value of the French franc must be obvious from the above facts.

However, our State Department has denied assistance to our American workers, claiming that the drop in production of American lace and its attendant unemployment was due to shifts within the industry and not to the afore-mentioned causes.

As may be noted, the new European war has not relieved this deplorable situation but, in fact, has tended to aggravate it through a further depreciation of French currency.

Therefore, in the light of Secretary Hull's statement that "no evidence of serious injury has been adduced in the assertions and allegations which have been put forward," I again call his attention and the attention of Congress to the damage done our lace industry and feel confident that my colleagues from other parts of the country can bring forward evidences of similar injury to industries which once flourished in their States. [Applause.]

## EXTENSION OF REMARKS

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an editorial appearing in the Bloch newspapers.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SPRINGER]?

There was no objection.

Mr. FISH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FISH. Mr. Speaker, the press reports today that there will be a message from the White House relative to Finnish relief. Can the Speaker give the House any information as to that?

The SPEAKER. The Chair will refer the inquiry to the majority leader.

Mr. RAYBURN. Mr. Speaker, it was announced yesterday a letter would be sent to the President of the Senate and the Speaker of the House, but there was nothing definitely stated that it would be today or tomorrow.

Mr. FISH. Can the majority leader give us any information as to whether it will be presented today?

Mr. RAYBURN. I cannot.

Mr. FISH. That is all I want to know.

Mr. RAYBURN. I am informed now, and I did not have this information a few minutes ago, that the message or letter will probably be here within an hour.

Mr. FISH. The reason I ask the question is because I was wondering whether the letter will be read. It will not come in as a message to the Congress. It will go to the Speaker. Is it the intention of the Speaker to have it read to the House at that time?

Mr. RAYBURN. I presume that is a matter in the hands of the Speaker. I do not suppose the Speaker will object to having the letter read at the time it is received or before the House adjourns this afternoon.

Mr. FISH. May I inquire of the Speaker if he will state what the procedure will be?

The SPEAKER. The Chair is not disposed to state at this time what the procedure will be with reference to a letter from the President of the United States.

#### EXTRANEUS MATTER IN THE RECORD

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. RAYBURN]?

There was no objection.

Mr. RAYBURN. Mr. Speaker, may I say a few words about printing matter in the RECORD. Every Member of the House appreciates one of the reasons why I have not taken the responsibility of objecting to editorials and magazine articles going into the RECORD. Usually they are put in at another place. However, this custom has grown and grown until I feel it is my duty to take this responsibility and I now state that hereafter I will object to extensions of remarks which include newspaper articles, magazine articles, or the like, for which special permission of the House must be granted to insert on account of the matter of cost. I think it has grown to the point where something must be done.

It has been my hope all along that the Committee on Printing would at some time bring in a rule and that it would take the responsibility of looking after the RECORD in that respect. Of course, I know how hard it is to control and I sympathize with the members of that committee, but I shall object hereafter to any of these extraneous matters going into the RECORD where the cost is more than provided by law. [Applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman is referring to material that covers several pages?

Mr. RAYBURN. Yes; in cases where special consent is required on account of the cost.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Pennsylvania.

Mr. RICH. I wish to congratulate the majority leader on his statement. I also wish to say that as far as the House members of the Joint Committee on Printing are concerned, the gentleman from Alabama [Mr. JARMAN], and I believe the gentleman from Massachusetts [Mr. CONNERY] is in sympathy with the attitude of the majority leader; but I may say that it has not been the fault of the House members of the Joint Committee on Printing that action has not been taken to keep extraneous matter out of the RECORD and keep it a record of the House and Senate as it should be.

Mr. RAYBURN. I stated that I knew the difficulties the House members of the committee were having.

[Here the gavel fell.]

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RABAUT. In connection with this matter of printing, last year as chairman of the legislative subcommittee of appropriations, I made the suggestion that if the RECORD were to be printed in a little different form we could effect an annual saving of \$135,000. Nothing has been done about it up to the present time. While we are talking about savings we might think of that.

[Here the gavel fell.]

#### EXTENSION OF REMARKS

Mr. WOODRUM of Virginia and Mr. VOORHIS of California asked and were given permission to extend their own remarks in the RECORD.

#### INDEPENDENT OFFICES APPROPRIATION BILL, 1941

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7922) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions and offices, for the fiscal year ending June 30, 1941, and for other purposes; and pending that motion, I ask unanimous consent that general debate continue through the day, and that the time be equally divided and controlled by myself and the gentleman from Illinois [Mr. DIRKSEN].

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7922, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, the independent offices appropriation bill now before the Committee for consideration is the bill that carries appropriations for the bureaus and departments and agencies known as the independent establishments, or that are not under any Cabinet officer.

At the outset I wish to express my very deep appreciation of the fine cooperation of the Independent Offices Subcommittee, both the majority and minority members. Hearings were begun on this bill immediately after Thanksgiving and they are printed in two large volumes. I believe you will find that the items were gone into carefully and painstakingly. We hope that we have accomplished something.

I wish to express particularly my appreciation of the fine work of Mr. Duvall, who handled the bill for us this year in the absence of Mr. Orr, the clerk of the committee, who usually handles the bill.

I wish to note particularly at this time with very deep sorrow the absence of the ranking minority member of the subcommittee, the gentleman from Massachusetts [Mr. WIGLESWORTH]. The gentleman from Massachusetts is one of the serious-minded and able members of the minority party in this House. His presence and application are always a contribution. I am sure the committee and the House will know with great sorrow and concern that he is detained at home on account of the very critical illness of his mother, and I know that all of us send up a prayer for her safety and a speedy recovery.

The Budget estimates for the independent offices for the next fiscal year total \$1,194,704,473. The bill comes to you with reductions under Budget estimates aggregating \$94,492,166. [Applause.] The bill as it comes to you is \$16,233,625 below what was appropriated during the current fiscal year for the same activities.

We believe these reductions have been made and can be made without seriously crippling any useful and needed Government activity. I wish at the outset to express the very earnest hope that the Members of the House will assist the committee in maintaining these reductions, even though in



some instances we may have to support reductions that have been made in programs and activities in which we are personally and as Members of Congress greatly interested.

I want to go through the report which has been filed—and it is available to members of the committee if you wish to call for it—to call attention to a few of the points which I believe will be of particular interest to the Committee, and then submit to such questions as the Committee may wish to ask.

In the first place, I wish to speak of the question of administrative promotions. This being the first general appropriation bill, it is appropriate to discuss that briefly at this point. Last year the Committee on Appropriations asked the Bureau of the Budget to conduct a survey and study of the custom and procedure in the making of administrative promotions in the several agencies and bureaus of the Government, believing there was a great lack of uniformity. In some bureaus and agencies administrative promotions have been made fairly regularly, and in others there had been practically none. However, the Bureau of the Budget has not been able to complete its survey and study of that problem. It will be several months before we get the final report.

In the meantime, however, there was included in the Budget for 1941, and there run through all the appropriation bills, certain items of new money for administrative promotions, aggregating in the whole Budget something over \$3,000,000, this being in addition to the approximately \$3,000,000 to \$4,000,000 estimated to become available from lapsed money and savings; so that the total money to be available in the next fiscal year would be something like six or seven million dollars for the administrative promotions if the recommendations of the Budget were to be followed.

In laying out this program the Budget used a formula seeking to provide more uniformity in making administrative promotions. The formula provided that those employees in grades where the salary was less than \$3,200 per year, and who had not had a promotion since June 30, 1938, and whose efficiency ratings made them eligible for promotion, should have a one-step promotion, and that those whose salaries were in grades where the minimum salary was \$3,200 and above, and who had eligible efficiency ratings, and had not had an increase since June 30, 1936, might have a one-step promotion.

The Appropriations Committee has approved this general plan with the exception that it recommends promotions be made to eligible employees in grades having a minimum salary of \$3,200 or above, who, on June 30, 1940, have not had a promotion since June 30, 1935, and to those eligible receiving less than \$3,200 per annum who have not received a promotion since June 30, 1937. This policy will govern all the regular bills as they come to the House. We adopt the formula for making administrative promotions of the Bureau of the Budget, but make it a 3- and 5-year limit rather than a 2- and 4-year limit. We take out the new money added for administrative promotions, which is the \$3,000,000, but permit the bureaus and agencies to utilize lapsed money or savings for the making of administrative promotions within the formula set out, provided that these lapses and these savings may not be used in excess of the estimated lapses and savings reported by the Bureau of the Budget. If this sounds complicated, I am sorry, but we cannot state it much more simply. In ordinary parlance it simply means that the question of making administrative promotions in the departments will continue in the next fiscal year practically as it has existed in this existing fiscal year with the exception that they cannot pile up unnecessary and unusual deficits for the purpose of making raises and they must make the raises in accordance with this formula. So if anyone states that the Congress hereby is stopping all administrative promotions, that is not accurate, because we have not done any such thing. We are still leaving it to the departments to make promotions if they have the money to do so in accordance with this formula, and by the time the next regular bills come to the House we will have a definite report from the Bureau of the

Budget and, perhaps, be able to make more definite recommendations in this regard.

Another matter that appears in all of the bills is an item for personnel management. There was set up a council of personnel administration. It has been in existence for about a year. It was initiated under an Executive order issued by the President, and it seeks to coordinate personnel management and supervision in the different agencies and bureaus, and bring about a more nearly uniform, and a more nearly definite program. Estimates were sent to Congress last year for increased personnel in many of the agencies on account of this personnel management program and they were not reported by the committee, and were not contained in the bill. Again, the committee has deleted from the bills something like \$750,000 that runs through all of these measures on account of this personnel management program, leaving it to the agencies and bureaus to go ahead with their activity in that regard wherever they may be able to use their own establishment or their own personnel for that purpose. The committee did not feel, at this time, it could justify embarking upon a new program of this kind that calls for a substantial increase in personnel in many of these departments that are already very extensively manned.

Going on through the bill and touching one or two instances where changes have been made in Budget estimates, we come to the Civil Aeronautics Authority. Their program is set out very fully in the report, on pages 6 and 7, if you are interested in reading it. They are doing a very splendid job. The committee has given them the Budget estimate, with the exception that it reduced the amount for civilian pilot training from \$6,000,000 to \$5,000,000. This still gives them \$1,000,000 more next year than they had this year, and we felt, under the circumstances presented to our committee, that perhaps the program would not move as fast as the Civil Aeronautics Authority had counted on and that \$5,000,000 would, perhaps, be ample to carry it on through the next fiscal year.

The Federal Works Agency is one of the new outfits set up under the reorganization bill. The committee made a change in the office of the Administrator of the Federal Works Agency respecting its appropriation by undertaking to put it on the same basis that the Budget had put the office of Federal Loan Agency.

In the case of the Federal Loan Agency the Bureau of the Budget required the Administrator of the Federal Loan Agency, who is Mr. Jesse Jones, as we all know, to draw his personnel or the funds with which to employ the personnel in his office from the agencies that come under his management and control.

In the case of the Federal Works Agency the Bureau of the Budget undertook to appropriate new funds over and above the amount set out for the component units under that agency. The Appropriations Committee felt that by economy and efficiency and good business judgment and management, such as we feel confident Mr. Carmody can put into that organization, he certainly will be able to draw his personnel and the funds necessary to finance his own administrative force from the large units and large agencies that come under him for administration. We provided therefore that the \$200,000 for his own administrative staff should be taken from the agencies coming under the Federal Works Administration, which are the United States Housing Authority, the Public Roads Administration, the Public Buildings Administration, and Public Works Administration.

On page 17 of the report mention is made of the building construction program for the District of Columbia. No estimates were sent by the Bureau of the Budget to the Committee for any new public construction outside of the District of Columbia. There are funds there for post-office buildings and for Federal buildings in accordance with our 3-year program inaugurated several years ago. There is carried in this bill the yearly part of that appropriation to carry on that program, but no new post-office building program was sent to the committee, notwithstanding the fact there are

many places in the country where new construction might easily be justified on account of lack of space and high rents being paid by the Government.

However, there was sent to us a building-construction program for the District of Columbia. It contemplates an aggregate cost of \$25,820,000 and calls for an expenditure in this next fiscal year of \$6,970,000. It provides for a General Accounting Office, site and building; a Federal office building, site and building; Bureau of Economics, site and building; a west-central heating plant; State Department, annex building site; and an item of \$1,000,000 for acquisition of property in the District of Columbia. The Committee on Appropriations felt that in the circumstances such as exist at the present time, when all of us are pledged to try to avoid unnecessary outlays, certainly there would be no justification, or it would be at least hard to justify embarking on a large public-construction program in the District of Columbia, so those items have been left out of the bill.

In the matter of public roads, the committee reported the full authorization and full Budget estimate for the Federal-aid highway system of \$100,000,000. It reported the full Budget estimate and authorization for secondary or feeder roads of \$15,000,000. It reported the Budget estimate for public-land highway construction of \$1,000,000, which is \$1,000,000 less than the authorization.

On the matter of grade crossings, the committee reduced the Budget estimate of \$30,000,000 to \$25,000,000, a reduction of \$5,000,000. We did that, believing that there is no logical reason now why the grade-crossings program should not be curtailed and fitted into the general program of highway construction; and in that connection I call attention to the fact that since the so-called emergency has existed public grade-crossing projects have received \$90,000,000 in regular appropriation bills, and that project received \$200,000,000 in the 1935 Relief Act; also \$33,000,000 of N. R. A. funds, making a total of \$323,000,000 that this grade-crossing program has received up to the present time, not counting the \$25,000,000 carried in this bill. That is an auspicious program. Of course, it is something in which many of use have been vitally interested, and it has reduced many highway hazards, but in the circumstances the committee felt that some reduction in the interest of slowing up this part of the program perhaps could be justified.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. PARSONS. I notice the Budget estimates have been eliminated in this bill for the National Resources Planning Board. Can the gentleman give us the reason for that?

Mr. WOODRUM of Virginia. Under the Executive office of the President, the reorganization bill placed, among other things, the National Resources Planning Board and the Office of Government Reports. The Office of Government Reports was formerly known as the National Emergency Council, its name being changed by reorganization plan No. II. The Budget estimate for each of these agencies sent to the committee was a little more than \$1,000,000, and in each instance slightly in excess of the sum available to them for the current fiscal year. The items were left out of this bill and are not included for the reason that there is no basic law on which to justify the appropriation. They are not authorized by law, and the committee has no right to bring an appropriation to the House which is not authorized by law. Until there is some authorization for them the Committee on Appropriations is powerless to recommend appropriations to the House.

Mr. PARSONS. Is it expected that some allocation will be made out of other funds for the continuation of these agencies?

Mr. WOODRUM of Virginia. I cannot answer that, because I do not know.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes.

Mr. COCHRAN. In the last session of Congress a bill was introduced to make permanent the National Resources Commission or Board, which name was later changed to the National Resources Planning Board by Executive order. That

bill came to the committee of which I am chairman, but I was advised later by the Bureau of the Budget that such legislation was not necessary; that it was already authorized by law. So the matter was dropped entirely, and no consideration given to the legislation. I ask if the gentleman from Virginia is positive that there is no authorization of law under which the President by Executive order can set up such an organization?

Mr. WOODRUM of Virginia. I could not find any parliamentary who says that there is, and personally I do not think it is authorized by law. Some of these functions, perhaps, might be performed by the Executive office if they were taken in as a part of the Executive offices set-up, but as a separate agency and appropriated for as a separate agency I will say to the gentleman we have not been able to find any parliamentary opinion that has justified it.

Mr. COCHRAN. I asked the question solely for the reason that I know we are going to have a recommendation, in view of the action of your committee, for legislation setting up such an agency, and I wanted to get the gentleman's opinion.

I know there is considerable opposition to the creation of such a permanent organization. Personally, I am inclined to feel much good could be accomplished by a proper organization planning for the future. For instance, if we had arranged years ago plans for various public-works projects, State and National, and had the plans and specifications all worked out when the depression arrived, when the Government came to the rescue of the unemployed, we could have put into operation the construction of what we felt were the best projects rather than by simply giving men employment on projects that had no permanent benefits.

Whether or not the Congress would make such an organization permanent by legislation I would not attempt to say, as I had some experience with two committees, being chairman of both the Committee on Expenditures and the Select Committee on Reorganization; and if the sentiment displayed at the time is an indication of what might happen in the future, there is serious doubt in my mind a bill would be favorably reported. I understand the Committee on Rivers and Harbors and the Committee on Public Lands have both considered the subject but no legislation was ever reported to the House.

Now, if the gentleman will permit me to refer to another matter about which he spoke—the building program in the District of Columbia: The gentleman knows that I am not in favor of some of the large appropriations for the beautiful marble and limestone structures that have been set up in the District of Columbia, but you have eliminated in this bill the item for the General Accounting Office. It so happens that I am in direct contact with that office almost daily. Their records are scattered in 15 or 20 buildings in the District of Columbia. I want to tell the gentleman from Virginia and the House if we ever have a real fire where those records are stored the \$9,000,000 that you save in the construction of a building for the General Accounting Office in this bill will be a mere trifle as compared with what the Government of the United States will lose if those records are destroyed. If those records in the possession of the General Accounting Office are lost, it will cost the United States Government hundreds of millions of dollars, rather than \$9,000,000. You will recall you had a fire at the post office 2 or 3 years ago. It was among files in the hall belonging to the General Accounting Office. Some of them affected the Minnesota fire claims. If what I heard is true, the loss of those records cost plenty of money. While I am for economy, I think this Congress should certainly provide some kind of a building, if it is only a fireproof concrete warehouse costing \$1,000,000, in which to house the valuable records of the General Accounting Office. The General Accounting Office records can never go into The Archives, as they are used to settle claims—some of the claims a hundred years old.

Mr. WOODRUM of Virginia. I am quite in sympathy with what the gentleman says, if we had the money or there was any way to get it. I would be willing to consider very seriously the construction of a building of the type the gentleman suggests. I think, supplementing The National



Archives, we should have in Washington, not in the metropolitan center but somewhere near the departmental center of Washington, a large utilitarian type of fireproof building, where thousands and thousands of these files in the various Government departments, which cannot be destroyed but yet which are not of sufficient importance to go through the routine of putting them into The National Archives to be preserved, may be housed. They should be taken out of these departments, where we are paying \$1 or \$1.50 a square foot rent for file cases, and put them under a small file force for the use of the Government in such a building. I think that expenditure might be justified, if we get to the point where we can spare money for that purpose.

Mr. COCHRAN. I see by the hearings where the National Archivist agreed with the suggestion made by the chairman of the committee, the gentleman from Virginia [Mr. WOODRUM], upon that very subject. For 10 years I have had a bill before the Congress to build a warehouse for Government files. I had the fight almost won by getting money through the P. W. A., but there was an argument, in which the National Archivist—whose only thought is expansion—joined, with the result that they finally put in The Archives Building three and one-half million dollars' worth of additional stacks that were not necessary. The money could have been used for the construction of a storage building that he now says and you now say is necessary. I notice further that the Archivist says only 20 percent of the space he has in his building is occupied with records now. If he had kept his mouth out of that at that time, we would have had the storage building now by using the three and a half million dollars that they put into stacks. [Applause and laughter.] A storage building is for active files which are needed from time to time and which cannot be transferred to The Archives or destroyed; but by placing them and the file clerks in the warehouse, valuable space can be assigned for personnel. I am trying to save the Government money and save valuable records from being destroyed by fire. Your committee handles the appropriation for the General Accounting Office. The officials will confirm what I say.

Mr. WOODRUM of Virginia. I am in hearty sympathy with the gentleman's plan to build such a building, but I think the difficulty at the time was that the impression got around that the building which the gentleman wanted to build at that time was to be in lieu and instead of The National Archives project.

Mr. COCHRAN. That might be true, but I advocated it long before The National Archives Building was started. The Senator from Utah, Mr. Smoot, is the one responsible for The Archives Building. It serves a good purpose, but we do not have to go crazy on the subject, and that is what I contend we have been doing.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. ENGEL. I was under the impression that there was something said by the gentleman on the floor a year ago that the Census Building, which we are now constructing, after the census is concluded, is going to be used for the purpose of storing these records. Does the gentleman recall anything about that?

Mr. WOODRUM of Virginia. I probably said something like that—that it might be used for something like that, or for housing some of these other agencies where we are paying very high rent. I do not think the Government can afford to pay \$1 or \$1.50 a square foot to house filing cases. I do not think we should even take the valuable space of the new Census Building and put filing cases in there. We ought to put some of these agencies there which we are renting expensive space to house; but there should be such a building outside, on cheap land, where it would have good fire protection, that would not cost a lot of money.

Mr. ENGEL. I was under the impression that when the Census Building was completed it was to be that type of building.

Mr. WOODRUM of Virginia. No. It is a Federal office building.

Now, if there are no other questions on what I have mentioned, I would like to talk about the Veterans' Administration.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. VOORHIS of California. I would like to go back to the National Resources Planning Board item. Do I understand that has been completely eliminated?

Mr. WOODRUM of Virginia. There is no authority in law for it, I will say to the gentleman. We had no legal authorization upon which to base an appropriation.

Mr. VOORHIS of California. But there have been appropriations made?

Mr. WOODRUM of Virginia. No; not appropriations made in a regular appropriation bill.

Mr. VOORHIS of California. Why does it appear in this bill? Has it previously appeared in this bill?

Mr. WOODRUM of Virginia. No. Heretofore it has been provided for in emergency appropriation or relief acts. The Reorganization Act put the National Resources Planning Board under the executive offices.

Mr. VOORHIS of California. So that is the reason why for the first time it appears in this bill?

Mr. WOODRUM of Virginia. That is right.

Mr. VOORHIS of California. Does not the gentleman feel that it is important to have somebody, some place, that can give an over-all view of a lot of the things we are trying to do, and be of some assistance in interpreting those efforts in the light of the general public interest and the general needs of the Nation? Is not that function very important?

Mr. WOODRUM of Virginia. Undoubtedly it is an important function, but I would not care to commit myself on everything that is done by the Resources Planning Board. The fact remains, however, that the committee, regardless of how it may have felt about the merits or demerits of the agency, could not bring in an appropriation without authority of law, for it would be subject to a point of order, and there is every reason to believe that such point of order would have been made.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. O'CONNOR. The gentleman has referred to the item carrying appropriations for the new post-office buildings under the 3-year plan. Is it not true that under this plan we would only be provided with one new post office in each congressional district every 3 years?

Mr. WOODRUM of Virginia. Two in the 3-year period where the district could qualify as needing a new building on account of post-office receipts and space requirements.

Mr. O'CONNOR. I may say to the gentleman from Virginia that I do not believe that is fair. In my own district, for instance, there are 17 cities eligible for new post-office buildings. Under this plan, it would take 35 years before the current needs are met. Would an amendment be in order to increase that appropriation in this bill?

Mr. WOODRUM of Virginia. It would not for this reason: Authorizations for new public construction is the jurisdiction of the Committee on Public Buildings and Grounds. Heretofore, by acquiescence, we have carried along in the appropriation bill these emergency-program amounts, but it was done with the consent of the Committee on Public Buildings and Grounds. It has been done also because no Member of the House felt inclined to make a point of order against the item. I will say to the gentleman it is not the work of the committee. While I am not indicating to him that I will be for it, my personal idea is that I do not feel there should be a building program this year.

Mr. O'CONNOR. Does not the gentleman feel that Members of Congress know more about the needs of their respective districts than the Budget Director here in Washington? And should not the Members of Congress write the amounts that should be appropriated for this purpose than being directed by some department here in Washington?

Mr. WOODRUM of Virginia. That brings up the question, I may say to the gentleman from Montana, of going back to

the old days when they wrote public-buildings bills on the floor of the House, an era that I do not believe the gentleman would want to go back to.

Mr. O'CONNOR. I was not here then.

Mr. WOODRUM of Virginia. An era when traveling through the country in sparsely settled areas one would suddenly turn a corner and come face to face with a monumental stone building—I mean a monument to the influence and prestige of some Congressman or Senator. I do not believe we would want to go back to that. There are undoubtedly places in the country where there is vital need for public-building construction, where the building can be justified as a business proposition because of space requirements and rent being paid. I am not debating that; I am simply saying that except and until they send some program of that kind here, certainly no Member of Congress is going to justify more monumental buildings for the District of Columbia if the condition is such that we cannot meet those requirements in the districts.

What I hope to see in Washington is some reduction in agencies and in space requirements; and I believe we will come nearer getting that if it is a little bit harder to get space than if we are willing to put up monumental buildings. If we put up the buildings, we surely will find something to put in them.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 15 additional minutes.

Mr. Chairman, I would like to talk for a few moments about the appropriations for the Veterans' Administration, which is, of course, the largest item in the independent offices appropriation bill, and is even larger this year than it was in the last year.

The amount included in the bill is \$580,180,544, and I have here a chart that I will insert at this point which outlines the amounts requested under the various appropriations.

#### Veterans' Administration, fiscal year 1941

Salaries and expenses:	
01 Personal services.....	\$64,075,418
02 Supplies and materials.....	17,990,640
05 Communication service.....	313,135
06 Travel expenses.....	1,666,476
07 Transportation of things (service).....	803,275
10 Heat, light, power, water, etc.....	2,116,278
11 Rents.....	278,540
12 Repairs and alterations.....	2,749,268
13 Special and miscellaneous current expenses.....	358,265
2200 Grants to State homes.....	1,637,200
2250 Burial expense.....	3,820,023
30 Equipment.....	1,151,678
Transfers to other Government departments.....	4,699,980
Transfers from other Government departments.....	—306,937
	\$101,403,240
Printing and binding.....	120,000
Army and Navy pensions.....	456,492,304
Military and naval insurance.....	20,000,000
Hospital and domiciliary facilities.....	2,165,000
Total.....	580,180,544

It can readily be seen that the major portion of the Veterans' Administration budget is for direct payment to the veterans in the form of compensation and insurance. In connection with actual expenditures during the fiscal year 1939 it is interesting to note that 83.14 percent was for direct benefits, 14.17 percent covered indirect benefits to veterans, and only 2.69 percent was expended for administrative costs. It may be of further interest to note that there has been disbursed for pensions and compensations since the year 1790 through June 30, 1939, a total of \$13,702,692,413.96.

The chart to which I am now pointing, showing Army and Navy pensions, I will place in the RECORD in tabular form. It is impossible to put it in the RECORD in this graphic form, but I will put it in the form of a table.

#### Number of veterans and dependents remaining on pension rolls as of June 30

	1941			1940		
	Veterans	Dependents	Total	Veterans	Dependents	Total
Yellow-fever roll of honor.....	10	1	10	10	1	10
War of 1812.....	1	1	1	1	1	1
Mexican War.....	135	135	135	147	147	147
Indian Wars.....	2,084	3,956	6,040	2,293	4,100	6,393
Civil War.....	1,571	45,504	47,075	51,335	53,722	105,057
Spanish-American War.....	156,831	63,788	220,619	160,237	60,427	220,664
Regular Establishment (peacetime).....	37,356	11,131	48,487	35,498	10,237	45,735
Compensation (World War, service-connected).....	355,488	355,488	355,488	355,002	355,002	355,002
Pension (World War, non-service-connected).....	68,216	68,216	68,216	59,965	59,965	59,965
Emergency officers' retirement (World War).....	1,789	1,789	1,789	1,801	1,801	1,801
Death compensation (World War, service-connected).....	101,972	101,972	101,972	101,421	101,421	101,421
Death compensation (World War, non-service-connected).....	25,251	25,251	25,251	19,913	19,913	19,913
Total.....	623,345	251,738	875,083	617,193	247,581	864,774

#### Pensions, Veterans' Administration

By projects	Fiscal year		
	1941	1940	1939
1. Yellow-fever roll of honor.....	\$15,000	\$15,000	\$15,000
2. War of 1812.....	240	240	190
3. Mexican War.....	82,614	91,434	102,844
4. Indian wars.....	3,016,020	3,226,530	3,418,795
5. Civil War.....	24,366,480	28,268,493	33,178,752
6. Spanish-American War.....	127,899,389	126,426,920	125,297,730
7. Regular Establishment (peacetime).....	17,545,717	16,659,646	11,839,643
8. Compensation (World War, service-connected).....	173,031,340	171,965,408	166,948,863
9. Pensions (World War, non-service-connected).....	22,392,469	19,684,098	17,100,318
10. Emergency officers' retirement pay (World War).....	2,950,158	2,969,886	2,991,326
11. Death compensation (World War, service-connected).....	60,025,387	58,873,377	51,436,166
12. Death compensation (World War, non-service-connected).....	11,508,186	8,993,404	4,389,241
Total.....	442,833,000	437,174,436	416,718,868
Estimated deficit fiscal year 1940, requested in 1941 estimate.....	+13,659,304	—13,659,304	—
1940 appropriation obligated in 1939.....	—	+8,547,868	—8,547,868
1939 appropriation obligated in 1938.....	—	—	+1,829,000
Total.....	456,492,304	432,063,000	410,000,000

This chart shows the number of veterans, dependents, and disbursements in each group in all of the different wars. For instance, you will observe that we still have 1 pensioner from the War of 1812, and we will have 135 from the Mexican War. We will have 6,040 from the Indian wars. The Civil War veterans, of course, are passing away and the numbers and amounts are less. The Spanish-American War has not yet reached its peak in cost, but it has just about leveled off, and before a great while there will be a reduction in that.

Then we have the pensions for the Regular Establishments and World War service-connected compensation. There has been a slight increase in this, but both numbers and amounts should about be at the peak, because it is very difficult now to establish new service-connected disabilities if they have not been established up to this time.

Service-connected pensions have dropped from what they were in pre-economy bill days, but still the item is increasing.

As a matter of interest, I will insert a statement showing the total expenditures for pension and compensation, by wars, through June 30, 1939:

#### Total expenditures for pension and compensation through June 30, 1939

War of the Revolution.....	\$70,000,000.00
War of 1812.....	46,216,790.57
Indian wars.....	80,051,305.57
War with Mexico.....	61,309,665.40
Civil War.....	8,006,583,061.14



Total expenditures for pension and compensation through June 30, 1939—Continued

War with Spain.....	\$1,412,175,727.52
Wars unclassified—pensions paid prior to June 30, 1918.....	16,513,425.54
Participants yellow-fever experiments.....	148,613.75
Regular Establishment.....	170,862,379.65
World War.....	3,838,831,444.82
<b>Total.....</b>	<b>13,702,692,413.96</b>

The grand total for pensions and compensation for the next fiscal year is \$442,833,000. In addition to that is the matter of \$13,659,304, which is included in this bill but it is really a deficiency made necessary because of added benefits and privileges authorized in the last Congress for World War veterans. This makes a grand total in the bill for this purpose of \$456,492,304.

The administrative expenses of the Veterans' Administration for the next fiscal year is \$101,403,240, broken down as you see it above. There is printing and binding, \$120,000; Army and Navy pensions, \$456,492,304; military and naval insurance, \$20,000,000; and hospital and domiciliary facilities, \$2,165,000.

For military and naval insurance the bill includes \$20,000,000, a reduction of \$6,791,000 when compared with the appropriation granted for 1940. This appropriation covers payments arising from contracts with World War veterans for what was known as war-risk insurance. The payments now being made are those to veterans who suffered a permanent and total disability as the result of war service or during the post-war period in which they carried this type of insurance; payments to beneficiaries of soldiers who died in service or during the post-war period in which this type of insurance was in force; and payments to the Government life-insurance trust fund to meet obligations sustained by that fund incident to the extra hazards of military or naval service of persons so engaged while protected by Government life policies.

This is our contribution to the World War risk policies. Under these World War risk policies the Government has paid to the veterans approximately \$2,000,000,000, and the veterans contributed something over \$450,000,000. It is often said that the veterans have paid for all the insurance they got. I am heartily in favor of the insurance which they received; but let us remember the fact that that is not an

accurate statement. They paid less than 25 percent of the cost of the war-risk insurance. The war-risk insurance should not be confused with Government life insurance, which is self-sustaining. However, this appropriation is for the old war-risk insurance, for which we have spent \$2,000,000,000, and 75 percent of that has been paid out of the Public Treasury.

I will insert in the RECORD a chart showing a break-down of disbursements for this purpose during the fiscal years 1939, 1940, and 1941.

*Military and naval insurance, Veterans' Administration*

By projects	Fiscal year		
	1941	1940	1939
1. Disability awards.....	\$6,877,036	\$6,948,557	\$7,054,166
2. Death awards.....	6,084,664	9,842,643	25,197,165
3. Lump-sum disability awards (compromise or litigation).....	781,565	714,025	629,546
4. Lump-sum payments (payments to beneficiaries completed).....	2,648,335	2,929,682	2,727,147
5. Transfers to Government life-insurance fund.....	3,576,000	3,144,000	2,758,419
6. Refunds (premiums).....	32,400	32,400	27,496
<b>Total.....</b>	<b>20,000,000</b>	<b>23,611,307</b>	<b>38,393,939</b>

**HOSPITAL AND DOMICILIARY FACILITIES**

There has been included under this appropriation heading the amount of \$2,165,000. Projects involving expenditure under this appropriation require the recommendation of the Federal Board of Hospitalization and the approval of the President, thus affording the essential coordination of Federal expenditures for these purposes necessary to secure maximum budgetary control of appropriated funds. The contemplated projects have been divided into two groups, namely, major reconditioning, replacements, and new construction involving no additional beds, \$1,515,000; and construction providing additional beds, \$650,000.

The second group, totaling \$650,000, represents projects through which a total of 298 additional beds for neuropsychiatric patients will be obtained.

I shall insert for your information a detailed statement showing a comparison of beds available for the fiscal years 1939 and 1940, and the estimated number available for 1941, divided as to types.

Activity	New beds in 1941	Beds available as of—			Average number of beds available			Percent of utilization of beds in—		
		June 30, 1941	June 30, 1940	June 30, 1939	1941	1940	1939	1941	1940	1939
<b>Hospital beds:</b>										
Neuropsychiatric.....	1,129	34,207	33,078	29,231	34,036	31,859	28,635	97	97	96.69
Tuberculosis.....		5,281	5,281	5,280	5,281	5,280	5,165	84	84	83.34
General.....	146	15,410	15,264	12,685	15,326	13,552	12,028	90	90	89.46
General (homes).....	230	8,365	8,135	7,736	8,178	7,971	7,606	84	84	83.47
<b>Total.....</b>	<b>1,505</b>	<b>63,263</b>	<b>61,758</b>	<b>54,932</b>	<b>62,821</b>	<b>58,662</b>	<b>53,434</b>	<b>93</b>	<b>92</b>	<b>92.37</b>
<b>Domiciliary beds.....</b>	<b>430</b>	<b>20,011</b>	<b>19,581</b>	<b>16,892</b>	<b>19,706</b>	<b>18,499</b>	<b>16,821</b>	<b>93</b>	<b>93</b>	<b>92.63</b>
<b>Grand total.....</b>	<b>1,935</b>	<b>83,274</b>	<b>81,339</b>	<b>71,824</b>	<b>82,527</b>	<b>77,161</b>	<b>70,255</b>	<b>93</b>	<b>92</b>	<b>92.44</b>

There is included under the first appropriation, "Salaries and expenses," the amount of \$101,403,240, which covers all expenses of administration, including salaries and operating expenses of the central office in Washington, 45 hospitals, 39 combined facilities, 13 regional offices, 7 homes, and 2 supply depots; the cost of travel and examination of beneficiaries; payment of burial expenses and reimbursement for such expenses; repairs and alterations to hospitals, homes, and other property in which the Veterans' Administration facilities are housed; payments to contract facilities wherein Veterans' Administration patients are hospitalized; reimbursement to States at the statutory rate for those veterans cared for in State soldiers' homes who are eligible for admission to Veterans' Administration facilities; in general, all items of

expense which are not direct monetary benefits to the veterans. By reference to the chart which I inserted above you will note that the various classifications of expenditure under this appropriation are itemized. This amount represents an increase of \$4,403,240 when compared with the appropriation of \$97,000,000 granted for the present fiscal year.

I have a small chart here, which I will also insert in the RECORD, showing the break-down for this and accounting for the increase of \$4,000,000-plus:

*Salaries and expenses, Veterans' Administration*

Appropriation, fiscal year 1940.....	\$97,000,000
Appropriation estimate, fiscal year 1941.....	101,403,240
<b>Increase in 1941 over 1940.....</b>	<b>4,403,240</b>

## Salaries and expenses Veterans' Administration—Continued

EXPLANATION OF INCREASE	
Beds in Veterans' Administration facilities.....	1,935
Personnel—Increase in personnel required to operate new beds.....	965
Salaries (this increase required for above personnel and for full year's salary of employees appointed during 1940 for new beds and 8-hour day).....	\$2,981,023
Beds utilized in other Government hospitals (average).....	380
Amount transferred to other Government departments.....	\$509,019
Subsistence, medicine, and other supplies.....	\$1,139,250
Hospital patient-days (Veterans' Administration facilities).....	1,975,020
Number rations (Veterans' Administration facilities).....	2,565,793
Burials.....	\$220,023
Payments to State homes.....	\$197,760
Patients' travel; freight; heat, light, water, etc., for new beds.....	\$268,004
Purchase of Equipment (reduction).....	—\$799,902
Less increase in reimbursement from other Government departments.....	—\$111,937
Net increase.....	\$4,403,240

It is entirely accounted for by the added facilities and services given the veterans. We will bring in during the next fiscal year 1,935 additional beds in these Government facilities. Those beds are almost exclusively for the neuropsychiatric veterans. We have not for a number of years built general hospital facilities, except in a few instances where studies show an absolute need, because that type of case has not required new construction, due to the fact we are able to use Public Health hospitals and Army and Navy hospitals for any ordinary ailments or surgical or medical treatments, but for the neuropsychiatric cases, the mental cases, we have and are continuing to engage in new construction to provide additional facilities, because that type of case has not reached its peak. We have to employ 965 additional people to take care of these 1,935 beds, such as physicians, nurses, orderlies, attendants, and all the other services connected therewith. Here is a break-down for each of the units making up this \$4,403,240, which is the increase in the administrative expenses of the Veterans' Administration.

Permit me to say that if there had been added to this \$97,000,000 a pro rata increase in the cost of administrative expenses on account of these 1,935 additional beds, the sum instead of being \$4,403,240 would have probably been in excess of \$6,000,000, so that probably 20 or 25 percent, maybe 30 percent of this increased cost has been absorbed by the Veterans' Administration in their very splendid and very efficient management and handling of the affairs of the veterans of the United States.

Mr. ENGEL. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Michigan.

Mr. ENGEL. Before the gentleman finishes with the Veterans' Administration, I would like to have him comment on the action of the Veterans' Administration regarding the deduction that is made from the pay of attendants and low-grade employees for quarters, clothing, laundry, and so forth.

Mr. WOODRUM of Virginia. For years the service organizations have called the attention of the committee to the situation existing among orderlies, attendants, and the lower-paid employees in the veteran facilities and in the Administration homes. In my judgment, their basic pay is too small to begin with. I would like to see their pay increased. The care of a mentally sick veteran is an extremely important duty and it is very difficult to get the right type of people and hold them in those positions and pay them less than a hundred dollars a month. During these depression years just passed it has been easier than at other times, but not only have they been a poorly paid group of people but it has been the custom of the Veterans' Administration to deduct the matter of allowance for quarters, laundry, and subsistence of approximately \$30 or \$35 a month, and they deduct that in many cases whether the orderly actually lived on the station and had the benefit of quarters, laundry, and subsistence or not if it was so provided in his contract of employment. The Veterans' Administration did it upon the

theory that back in the earlier days when they built Veterans' Administration facilities they put up barracks and constructed quarters for this type of personnel, and having gone to that expense of building quarters the Veterans' Administration employee should live and take the benefit of them; therefore they made these deductions; but as the number has increased and we quit building barracks and quarters for orderlies and attendants and, as has developed in many cases, they do not live upon the station, that situation has become aggravated and very acute. I am very glad to say, without going into more voluminous detail, that we have in the hearings a very definite, positive statement from General Hines, Administrator of Veterans' Affairs, that beginning with the next fiscal year, and before that if it can be put into operation, it will discontinue the custom of making these arbitrary deductions from attendants and orderlies and deduct only in cases where it is necessary that these employees actually live upon the station or where they receive the benefit of these allowances.

Mr. ENGEL. The House, by resolution, instructed the War Veterans Committee to visit the hospitals in the various States. Under that resolution I personally visited Camp Custer. I obtained from the superintendent at Camp Custer a statement showing for each employee the amount of salary he received, the amount of deduction made, and the number of dependents. At Camp Custer I found that after making those deductions sometimes they had as low as \$60 a month to support as many as six dependents, and I am certainly pleased to see this adjustment made.

Mr. VAN ZANDT. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. The figure the gentleman gave covering the cost of hospital and domiciliary facilities brings to my attention the fact that during the present year the Veterans' Administration has hospitalized hundreds of employees of other agencies of the Federal Government. I wondered whether or not the committee took into consideration the necessity of charging these departments of our Government for the hospitalizations, examinations, and so forth, made by the Veterans' Administration.

Mr. WOODRUM of Virginia. That is on a reimbursable basis.

Mr. VAN ZANDT. It is this year?

Mr. WOODRUM of Virginia. Yes; with the exception of physical examinations made for the Civil Service Commission.

Mr. VAN ZANDT. Is not the cost of hospitalization and examination of employees of other Federal agencies included in the total cost of the Veterans' Administration?

Mr. WOODRUM of Virginia. It does not figure specifically here because where they spend a dollar for that the other agency reimburses them. For instance, if they take a Civilian Conservation Corps enrollee—and much of this expense has been incurred in connection with such enrollees—and put him in a veterans' hospital, the Civilian Conservation Corps reimburses the Veterans' Administration for what they have mutually agreed is the cost of that procedure.

Mr. VAN ZANDT. My purpose in asking the question is based on the fact that when General Hines appeared before the World War Veterans' Committee he stated, as I recall it, that no such arrangement was in effect at that time, but that they had plans for the coming fiscal year.

Mr. WOODRUM of Virginia. Until the present fiscal year, the Veterans' Administration was not reimbursed for the cost of physical examinations and hospitalization furnished beneficiaries of the Employees' Compensation Commission or W. P. A. However, this has now been taken care of. I know the Veterans' Administration puts patients in naval hospitals, army hospitals, and in St. Elizabeths, and the Veterans' Administration always reimburses those agencies for such care. I was under the impression, although I may be in error, that the Civilian Conservation Corps enrollees are the ones who principally use Veterans' Administration facilities.

Mr. VAN ZANDT. There are also employees of the W. P. A., the civil service, the post office, and so forth.



Mr. WOODRUM of Virginia. Yes.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Connecticut.

Mr. MILLER. In this question of not deducting for quarters and food, will there be a tendency for attendants to live off the reservation? Will there be any option allowed there?

Mr. WOODRUM of Virginia. There will be an option to this extent: That of necessity a certain number of the attendants and orderlies have to live on the station, because it is necessary to have them within call in case of emergency.

Mr. MILLER. That is the point I wanted to bring out. I would hate to see such a tendency arise.

Mr. WOODRUM of Virginia. General Hines makes that reservation, because it is necessary to have such employees, but he believes enough of the attendants will be single men who will be willing to live on the station.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. I did not quite understand the gentleman's reply to the question of the gentleman from Connecticut [Mr. MILLER]. During vacation I went through the veterans' facility in my district. I tried to make some kind of investigation. I understood from the men employed there that even when it was not necessary for them to be on call they were required to have their meals there and to have a room there. Would this mean that they would still be required to follow that procedure?

Mr. WOODRUM of Virginia. It has been pretty much the general rule up to the present time that such deductions were made whether they had the advantage of the facilities or not, but under the new arrangement that will not be done except when they live on the station or have the advantage of the facilities.

Miss SUMNER of Illinois. While we are on that point, I wonder if the gentleman knows that the Government charges something like a dollar a day for their meals and makes a profit on it?

Mr. WOODRUM of Virginia. Not a dollar a day, I may say to the gentlewoman.

Miss SUMNER of Illinois. I mean that a dollar a day is deducted from the attendants' pay.

Mr. WOODRUM of Virginia. It is approximately \$30 a month, and this includes the meals, the lodging, and the laundry.

Miss SUMNER of Illinois. I understood there was approximately a 35-cent profit to the Government on the meals.

Mr. WOODRUM of Virginia. That statement has been made, but it is very emphatically denied by the Veterans' Administration.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I call the attention of the gentlewoman from Illinois to the hearings, part 1, pages 611 to 614. On page 613 General Hines gives the cost of a meal at 26 cents. The whole subject is gone into quite fully on the pages I have mentioned, bearing out the fact that the chairman and the members of the subcommittee went into this question quite thoroughly and received definite assurance that this policy would be adopted and put into effect this fiscal year as far as possible, surely by the first of July.

Mr. ENGEL. Mr. Chairman, will the gentleman yield further?

Mr. WOODRUM of Virginia. I yield to the gentleman from Michigan.

Mr. ENGEL. At the time I made my statement on the floor of the House, and after I had gone to Camp Custer, I gave the figures that the authorities at Camp Custer had given me. As I recall those figures, it was costing the Veterans' Administration approximately \$13 a month for meals and the Administration was getting \$22.50 for them. Further, the Veterans' Administration was actually charging the attendants

for meals, quarters, and laundry during the time they were taking their regular leave, either sick leave or regular annual leave, charging them for meals they did not eat. In other words, if an employee went on leave for 30 days, he was charged \$22.50 for meals he did not eat.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 2 additional minutes.

The gentleman's statement that they charged the men for meals when the men were on leave is not borne out by the facts. General Hines, in answer to a specific question on that point, stated that the amount charged to the attendant or orderly for meals was figured on an 11-month basis and prorated during the 12-month period. Therefore, according to their figures—I do not say their figures are right or wrong, but I have great confidence in them—it is on an 11-month basis. The gentleman would have a lot of argument with the officials of the Veterans' Administration if he undertook to show they were charging the orderlies and attendants a profit on their meals. Maybe he could convince them, but I do not believe he could. They certainly do not think they are doing that.

Mr. ENGEL. At the time I was at Camp Custer I obtained these figures from the superintendent of the hospital and the men in charge. I made a statement on the floor of the House and protested to the Veterans' Administration about it at the time. Later Representative SHAFER of Michigan placed my report in the RECORD, over a year ago. This is the first time I have ever heard anyone say that the figures then given were not correct. The Veterans' Administration did not so inform me at the time I made the report nor since.

Mr. WOODRUM of Virginia. At any rate, it is a moot question, because the matter has been remedied.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. BLAND. I have been informed that in one of the veterans' facilities in my district they make deductions where they have not the quarters and where they know they cannot take care of such people on the ground.

Mr. WOODRUM of Virginia. I do not think that statement can be justified. Deductions are made from certain employees' salaries for subsistence, who do not reside on the stations, but no deductions are made for quarters unless quarters are available. Of course, when a gentleman comes for such a job they tell him what they will pay him, and just what the deductions will be, and he is glad to get the job, and also that they have only had money to do so-and-so with. However, the committee has not felt that is the thing to do and we have tried to remedy it and we have remedied it, so it is now water over the dam.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. MILLER. Can the gentleman advise us whether the Veterans' Administration is giving any study to the problem of retirement for their employees?

Mr. WOODRUM of Virginia. I do not know about that, but it is my understanding that all permanent employees have now been brought under civil service and are eligible to the retirement benefits.

Mr. MILLER. I do not expect the gentleman, of course, to go into that matter in any detail, but they have now been functioning for 20 years, and many of their most valuable men are getting along in years. They are not getting now the pick of the graduates of medical schools because of lack of any retirement plan.

Mr. WOODRUM of Virginia. I thank the gentleman.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COCHRAN, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill H. R. 7922, the independent offices appropriation bill, had come to no resolution thereon.

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES—  
LOAN TO FINLAND

The SPEAKER. The Chair thinks it proper to lay before the House a communication from the President of the United States addressed to the Speaker, which the Clerk will read. The Clerk read as follows:

THE WHITE HOUSE,  
Washington, January 16, 1940.

MY DEAR MR. SPEAKER: Last month when the Republic of Finland paid the regular installment on her debt to the United States, I directed the Secretary of the Treasury to place the money in a separate account pending such action, if any, as the Congress might desire to take with respect to it.

There is without doubt in the United States a great desire for some action to assist Finland to finance the purchase of agricultural surpluses and manufactured products, not including implements of war. There is at the same time undoubted opposition to the creation of precedents which might lead to large credits to nations in Europe, either belligerents or neutrals. No one desires a return to such a status.

The facts in regard to Finland are just as fully in the possession of every Member of the Congress as they are in the executive branch of the Government. There is no hidden information; and the matter of credits to that Republic is wholly within the jurisdiction of the Congress.

This Government will have early occasion to consider a number of applications for loans to citizens and small countries abroad, especially in Scandinavia and South America. That raises the question for the determination of the Congress as to whether my recommendation made to the Congress some months ago, for enlarging the revolving fund in a relatively small sum, for relatively small loans, should be considered. It goes without saying that if the applications for loans can be acted upon favorably by the Congress, this matter will be kept within the realm of our neutrality laws and our neutrality policies.

An extension of credit at this time does not in any way constitute or threaten any so-called involvement in European wars. That much can be taken for granted.

It seems to me that the most reasonable approach would be action by the Congress authorizing an increase in the revolving credit fund of the Export-Import Bank and authorizing the Reconstruction Finance Corporation to purchase loans and securities from the Export-Import Bank to enable it to finance exportation of agricultural surpluses and manufactured products, not including implements of war.

It is wholly within the discretion of the Congress to place a ceiling on the amount of such loans. Whether this legislation should include an additional increase in the revolving credit fund of the Export-Import Bank, in order to provide for additional loans to increase our trade with South and Central America, is also within the discretion of the Congress.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Hon. WILLIAM B. BANKHEAD,  
Speaker of the House of Representatives,

Washington, D. C.

INDEPENDENT OFFICES APPROPRIATION BILL, 1940

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7922, the independent offices appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7922, the independent offices appropriation bill, with Mr. COCHRAN in the chair.

Mr. DIRKSEN. Mr. Chairman, I yield myself 30 minutes. As a minority Member, in the absence of the gentleman from Massachusetts, Representative WIGGLESWORTH, let me express to the chairman of this subcommittee, the gentleman from Virginia [Mr. WOODRUM], the appreciation of the minority Members for the temperate and very indulgent way in which he has permitted us to exercise all the functions and all of

the prerogatives of committee members in seeking to establish a case that would be in the interest of the general welfare of the country; and may I observe to the Members on my own side that the absence of the gentleman from Massachusetts [Mr. WIGGLESWORTH] is due to the critical illness of his mother. It is doubtful whether he will share in the deliberations of this bill, and we shall miss him; because he has been most diligent upon his labors, starting early in December, when the hearings on this bill commenced. May I also pay my tribute to the clerk of the committee, Mr. Duvall, who has contrived a very clear and explicit report, and who has done an excellent job in attending to all those routine labors that go along with the work of this committee.

This has been a rather interesting bill. There are some interesting items, and some interesting surgery has happened to the bill both in the subcommittee and in the full committee. I would first direct attention to the hearings and to the testimony provided by the Director of the Bureau of the Budget. I think I share with all of you and have shared for a long time some mystical feeling that all of the wisdom and all of the omniscience seemed to be reposed in the Bureau of the Budget. It has become somewhat of a formula in Congress when a Member is interested in a \$6,000 or a \$10,000 item to go to a member of the Committee on Appropriations, particularly the chairman of a subcommittee, and the question that is always directed to him is, "Has this been approved by the Budget?"

It is almost the formula followed in the routine household where a little girl asks something of her mother and the mother replies, "Have you asked your father about it?" And so we have been constrained for a long time to say, "Has this been before the Budget?" I continued with that high degree of devotion and conviction that the Bureau of the Budget knows all about it, but if you want to see some rather revealing and refreshing testimony you should read the testimony of Director Smith and his assistant, Mr. Lawton. But the thing I want to emphasize to you is this: In response to a question as to the amount of field investigation made by the Bureau of the Budget in connection with the expenditures, for instance, for regional offices of the Home Owners' Loan Corporation, or the State offices, or the many field offices for the Soil Conservation Service, or the P. W. A., or the other billions of dollars that are being expended in the field and not in Washington, he said, in effect, on page 13 of the hearings, that virtually no investigation had been made. Let me read to you the answer. I asked this question?

What field investigations do these two men make, if any?

I was referring to the two men in the Bureau of the Budget to whom the departmental estimates are submitted on or before September 15, as provided in the Accounting Act of 1921. Here is what Mr. Lawton answered:

Up to the present time they have made very few. They have only been able to get out in the field in years when Congress has adjourned early—perhaps for a month. If Congress stays in session until August, as it did last year, there is no opportunity to get into the field. That is one of the reasons for the increase requested here, so that at least one man can remain in the field a large share of the time.

Fancy the billions of dollars that are being expended out of the Treasury, and here comes the Bureau of the Budget before the Committee on Appropriations and tells us in all candor that no field investigations are being made of those expenditures. How are you going to render an intelligent accounting of our fiscal stewardship to the people of this country unless we know how these moneys are being expended, and whether or not the taxpayers are receiving a dollar's worth of benefit for every dollar that is disbursed out of the Federal Treasury? Still another abuse is that if they recommend a department cut in expenditures they leave it to the department to determine where and how and in what function the economy shall be made. This question was addressed to Mr. Smith, the Budget Director:

But you do not leave it to the departments themselves as to where to make the cut?

And Mr. Smith said:

Yes; often we do. We try desperately not to be arbitrary.



One can readily understand how these departments will work. They will take items out of a bill that they know full well the Congress will restore. They will take items that are translated into terms of action in all the congressional districts of the United States, and then they can sit back on their haunches and laugh and say, "Oh, well, we took it out to satisfy the Bureau of the Budget, but when the estimate gets up on the floor of Congress we know just how the boys will perform."

Touch something relating to agriculture and there come stentorian shouts from what is sometimes euphemistically known as the farm bloc that they must be restored. The departments are fully aware of that technique, and yet here is the Director of the Bureau of the Budget, who confesses very properly and without guile to the members of the committee that the cuts are often left to the departments.

Now, let it not be said that I am speaking in derogation of Mr. Smith. I think he is a fine gentleman. I think he knows his business. I think, on the other hand, that the Budget Bureau has been understaffed and that the whole accounting system and budgetary procedure require some revamping if we are going to contrive an intelligent estimate of expenditures, and then go further and articulate them efficiently as they go out to the various agencies and bureaus throughout the land.

Some question was raised a little while ago about the National Resources Planning Board. You will remember that we had a National Resources Board, and that under the reorganization plan that was submitted by the President in April or May it was consolidated with the Federal Stabilization Board, made a part of the Executive Office, and is now known as the National Resources Planning Board.

It is all very interesting—the studies that they carry; the things that they contrive; the action programs that they promote. They only have \$60,000 in their estimate for consultation with State directors and State planning agencies; but it is that \$60,000 that does the damage, for they may go to the State of my good friend Mr. GIFFORD and prevail upon the State Planning Board of Massachusetts to undertake some program that goes into the geneology of the safety-pin, or they will take something like the study of morbidity in North Carolina or a study of population in Mississippi. They carried on a study and got out a brochure under this grandiloquent title, "Know Your State, or What Kansas Produces." Well, it is grand stuff; very desirable, but certainly not indispensable to the functioning of this almost top-heavy Government. So I felt that if there had been authority for the continuation of the National Planning Board, it still should have been deleted, because we are spending borrowed money, and I doubt the wisdom and I doubt that we can convince the people of this country that it is wise to spend borrowed funds upon programs of that kind.

It is rather illuminating to go through their whole set-up and see the studies that they have been contriving and activating on land classification; on the rural and urban fringe; on scientific studies; on studies relating to water and energy and public works. I have raised the contention over and over again that they are doing so much that is duplication of the work of other agencies. For instance, statistics regarding labor. We have a Bureau of Labor Statistics in the Department of Labor which receives a very generous appropriation every year for that purpose. They have studies on coordination of energy. We have a Council in the Department of the Interior, a Defense Council, that has gone into that whole question of the coordination of the power facilities of this country, so why must we spend more and more money for these duplicated facilities and studies?

I think one of the most creditable things the subcommittee has done is to delete this dispensable function of the National Planning Board from the bill that is now before you.

Another thing we did was to eliminate what was known as the old National Emergency Council, which has been metamorphosed into the Office of Government Reports. Of all the testimony that it has ever been my privilege to hear before the committee, I think Mr. Foster, who testified on the Office of Government Reports, O. G. R., better known as

"ogre"—I think it was so inconclusive that it was almost pathetic. In the course of the proceedings the gentleman from Massachusetts [Mr. WIGGLESWORTH] asked him what item No. 2, or item No. 3, or item No. 4 in his program was. He sat there for at least 3 minutes and could not think of an example under the five-step program that he had submitted to the committee, for which they wanted a million or more dollars.

Now, this is the old agency that has been making and distributing electrical transcriptions throughout the country. They have gotten out 32 of those transcriptions—15-minute radio programs that have been sent to 175 radio stations in those areas where they felt that the press might be hostile to the things they would like to have messaged to the people. That is, not entirely, but many of them. I asked them to send me some of those radio scripts. One, in connection with the Department of Justice, was just too interesting for any use. I think it was No. 7, issued the first week in November 1939. They had an interviewer and then they had a man to represent the Bureau of Prisons in the Department of Justice. The interviewer would say, "What is your name?" He would say, "My name is Joe Doaks." The interviewer would say, "You are head of the Bureau of Prisons?" "Yes." Then they would go on on this colloquy and tell you how people get into prison and how they might get out of prison. I am satisfied that most people do not want to get into prison, and the idea of spending Government funds for that kind of claptrap and tommyrot upon the air waves of the Nation is certainly unjustifiable. But, of course, I am not unmindful of the fact that O. G. R., Office of Government Reports, is nothing but a political bureau, and always has been, when it came here in its original character as the National Emergency Council.

Now, they have set up a new wrinkle recently. It is known as the Federal Clearance Index, and it is being tried out for the first time in West Virginia.

They are inscribing upon a master roll the name of every householder who has received any benefits out of the Federal Treasury, and these are all cross-indexed so that when a card is given to a case worker with respect to one of the benefit or assistant programs she can consult the master index and tell just what the individual or his family has received by way of largess from the Government. If you ever had a better political mailing list anywhere, I will defy anybody to bring it upon the floor of this House. [Applause.] One hundred and sixty thousand names in West Virginia alone; and what is the sense of it? If we were going to go in for a permanent program of this type for years and years to come, perhaps it might recommend itself to the wisdom of the Congress, but this is the political agency, and I feel so happy that we gave it the coup de grace, because I addressed myself to that matter last year when the National Emergency Council was before us. In the event that the Senate does not restore it, in the event that the Congress is not put upon to reinstate it or to bring it here as some other function, then I will say that we have rendered another signal service to the taxpayers of the country by deleting that function.

Under the reorganization plan—and the gentleman from Massachusetts [Mr. GIFFORD] and I served on that committee—you will remember a provision was written in that act that no agency shall be carried beyond the expiration date authorized by law and that none of the functions should be carried beyond the expiration date, and that there should be no merging of those functions with some existing agency that was authorized by law; yet here is our old friend the National Emergency Council, with a pair of false whiskers, masquerading as the Office of Government Reports, seeking to elicit another \$1,000,000 out of the Treasury to carry on activities that are absolutely unnecessary. [Applause.] May I now allude briefly to the item in connection with the Federal Power Commission?

Mr. GIFFORD. Before we get to that will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. GIFFORD. I think we are jointly guilty, being on the Reorganization Committee, in allowing the Budget Bureau to

be placed in the room with the Executive where he can suppress any investigation that he does not want, and where he can perform his playful pranks on the Congress. I believe the gentleman brought that out, that he will cut places where he knows we would have to put them back, and in the end we ourselves will have to raise the debt limit. Does the gentleman still believe that the Budget is where it ought to be? Can he imagine a field examination of the C. C. C. camps or any other favorite scheme of the administration?

Mr. DIRKSEN. I believe my friend, from the general tenor of my remarks, appreciates that there is necessary considerable revamping in the budgetary procedure if we are ever to contrive a Budget statement that reflects the true condition of the country and indicates to the Congress precisely the action that is necessary.

Mr. GIFFORD. And may I refresh the gentleman's memory by saying that once I called the Budget Bureau and asked whether they could not mark off the worthless \$2,500,000,000 reported to the Nation as assets. The gentleman recalls that the Budget Bureau said, "We wish we could; we do not favor that kind of bookkeeping." Is that an independent organization or is it simply something now used to suppress?

Mr. DIRKSEN. I believe the gentleman from Massachusetts can answer that as well as I.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield at that point?

Mr. DIRKSEN. I yield.

Mr. WOODRUM of Virginia. The gentleman knows, of course, that no claim has ever been made that the Bureau of the Budget was an independent agency of government. It is the direct representative of the Chief Executive. The Budget and Accounting Act created the Bureau of the Budget for the purpose of being the agency of the President in making recommendations to Congress. No system since the Budget and Accounting Act has ever contemplated anything except that the Budget Bureau would be the arm of the President to make his investigation and to make his recommendations. I do not know what the gentleman means when he suggests that the Bureau of the Budget is not where it belongs. It is where it was under the preceding administrations.

Mr. GIFFORD. I am sure I tried to convey the idea to the gentleman that the Bureau of the Budget might be a little independent and not be wholly the tool of the Executive, so that it could be suppressed in its decisions of what it thinks it might want. The helplessness of the Bureau of the Budget has amply been demonstrated when we call them up and they say they have to do what somebody else tells them to do.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Very briefly.

Mr. RANKIN. I may say to the gentleman from Massachusetts that the Bureau of the Budget was created under a Republican administration, and they told us then it was to represent the Executive.

Mr. GIFFORD. We had a good Executive then.

Mr. DIRKSEN. The best answer, of course, is the functions that are laid out in the organic act in respect to the Bureau of the Budget. But to leave that for a moment and go to the Federal Power Commission.

The Federal Power Commission was created to interpret and to administer the Federal Power Act of 1920 and a large number of other acts since that time, including the Natural Gas Act, but I was very much interested in this, and I believe the Congress will be interested also. I see my good friend from Mississippi right here, and I want to address this particularly to him. On February 20, 1926, which is 14 years ago next month, there was issued to the Susquehanna Power Co. a license to build a dam, better known as the Conowingo Dam, up on the Susquehanna River. I am sure most of the Members have seen this dam. To me it is rather amazing that from 1926 to 1940, which is a period of 14 years, that power company has been before the Federal Power Commission; and the last action that is noted upon the docket of the Commission is that on April 10, 1939, reply briefs were filed.

They have been hauling them to Washington, sending them back, hauling them down here, and sending them back. They have great squadrons and groups of witnesses here; they have

general counsel, experts, electrical and legal, camping on the ground here almost continuously in order to satisfy the Federal Power Commission with reference to the costs involved and those other necessary things upon which rates are predicated. I submit to the Congress as a group of reasonable, intelligent people, is there any excuse in the whole wide world why private industry in this country should be impaled for almost 14 years before a governmental regulatory agency acts? And the end is not yet.

Mr. RANKIN. Will the gentleman yield?

Mr. DIRKSEN. I asked the Federal Power Commission to put all of the data in the hearings. You will find it there. Now, my good friend will probably say that the Susquehanna Power Co. has been holding out on the Federal Power Commission; that there is such an involved corporate structure it is almost impossible for Government experts, attorneys, and accountants to make a complete analysis of the whole financial structure so that they may have a clear basis upon which to predicate rates. That may be, but I still submit that to have a company before a Federal agency for almost a decade and a half is a most inexcusable thing and one of the reasons why private industry is filled with fear when we expand the regulatory authority of the agencies of government, knowing that year after year, month after month, they will have to sit down here and pour thousands of dollars a month into the pockets of people who must represent them. There are many other similar cases, maybe not quite so aggravated, and I submit to the Congress that something ought to be done. There ought to be a set-up whereby a couple of years at most would be sufficient to draw the line, close the books, and say the file has been completed, and let them go now and do business, contributing to the enrichment and to the welfare of this country. I yield to the gentleman from Mississippi.

Mr. RANKIN. I will answer the gentleman's statement. I have been hoping he would get around to this point, in all these years. The trouble is it has taken the Federal Power Commission 14 years to make this outfit obey the law.

Mr. DIRKSEN. Any Government agency that cannot make one single utility outfit obey the law in 14 years ought to quit in sheer despair and let somebody else do the job. [Applause.]

Mr. RANKIN. As a matter of fact, if they just had that one outfit to deal with, they might do that; but they have the Power Trust in Illinois, in Ohio, Wisconsin, Mississippi, Alabama, and all the other States to contend with. They have made that company show what its legitimate investments were, and today it is selling power from the Conowingo Dam at about 2 mills a kilowatt-hour. As a result, the power rates to the ultimate consumers throughout this part of the country have been reduced by millions and millions of dollars. I shall show tomorrow that we have reduced the light and power rate to the American consumers since 1933 by \$583,000,000 a year, and this work of the Power Commission is one of the things that has helped do it—that and the T. V. A. Now, you Republicans applaud. [Applause.]

Mr. DIRKSEN. We must have our little pleasantries; but I submit all over again, put yourself, Uncle John, in the place of a president of a power company.

Mr. RANKIN. I am in place of the man who pays the power bill.

Mr. DIRKSEN. Would you like it?

Mr. RANKIN. I would like what the Commission is doing if I had to pay the power bill.

Mr. DIRKSEN. You would condemn them to the punishment of the very bowels of the earth. You would not be any different from anyone else.

Mr. RANKIN. I would obey the law, or else you would send me to jail. Let us look at the Associated Gas & Electric Co. It had Hopson hiding around here drawing \$8,000,000 a year, and now it finds it has been bankrupt for years. That is what the Federal Power Commission is doing; it is making those fellows squeeze the water out of their investments and do a legitimate business or get their hands off the water-power resources of this country.



Mr. DIRKSEN. It is going to bankrupt this group, too.

Mr. RANKIN. No; but it will help to reduce the light and power rates another half billion dollars a year to the ultimate consumers throughout the country.

Mr. DIRKSEN. Having settled that proposition to our mutual satisfaction, may I say a word about the United States Maritime Commission?

Last year we authorized a hundred million dollars for ship construction, operating subsidies, and so forth. When the bill came to us with the Budget estimate there was an increase for the next fiscal year to \$200,000,000 from \$100,000,000. I thought that was high. I was of the opinion if we were going to economize, we should economize on those things that the Federal Government can dispense with in an hour when we are still using barrels of red ink in order to chalk up the balances of government.

In the subcommittee we reduced that item. The full committee went even further and reduced it from \$175,000,000 to \$125,000,000. I concur in the action taken by the full committee for a number of reasons. In the first place, we set up this program under the administration of the Maritime Commission and we provided for the building of 50 ships per year for a period of 10 years. Up to September 1934 they had 74 ships under contract, 24 had been launched, and 11 delivered. Admiral Land is a very capable administrator, and I take off my hat to him, not only for his administrative capacity, but because I think he is a man of high integrity. He testified very candidly that we are 1 year ahead on this shipbuilding program. We are 1 year ahead as a result of acceleration, so he testified, and if that is the case, is there any reason why we should maintain this appropriation at the high level that was messaged to us by the Budget Bureau? If it were absolutely necessary, there might be a different aspect to the matter, but I want the Committee to know that under this acceleration program they have approved the transfer of the registry of over 117 vessels to foreign flags from November 1938 to November 1939. If we need ships so badly that we have to expend all this money—

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield right there?

Mr. DIRKSEN. In just a moment I will yield. I am going to answer the question the gentleman has in mind.

If we need these ships so badly, then why were 117 of our ships transferred to foreign registry with the approval of the Maritime Commission? They were transferred to the British flag, to the Honduran flag, to the Venezuelan flag, to the Cuban flag, to the French flag, to every flag; 117 vessels.

My good friend from New York was going to say, "Have you looked at the age of the vessels?" Yes; I have looked at the age. There are over 20 of these vessels that have been built since 1925. There are some that were built in 1933 and 1934. Can you give me some reason why a vessel that is only 5 or 6 years old, if you please, should be transferred to a foreign flag? If we do not need them that badly in order to implement the facilities of our own merchant marine, then why give the Maritime Commission \$200,000,000 with which to carry out an accelerated program? There is no need for it, as a matter of fact. The committee did the wise and the discreet thing in reducing the amount from \$200,000,000 to \$125,000,000, and I hope the Committee of the Whole and the Congress will support that position.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield myself 15 additional minutes.

Mr. FITZPATRICK. What is supposed to be the actual life of a ship?

Mr. DIRKSEN. That all depends on how it is used.

Mr. FITZPATRICK. What is the average?

Mr. DIRKSEN. It might be 20 years, it might be 25 years, it might be 30 years. They have some vessels running that are 40 years old. Some of them are 50 years old. If other nations can operate them, why not we?

Mr. FITZPATRICK. How many of those ships are under 20 years old?

Some of them are 60, 70, or 80 years old. They have been out of service for years, and this was a good chance to get rid of them.

Mr. DIRKSEN. Let us see about the substance of that argument. The United States News for this week carries this statement, and I believe it to be very reliable because they are careful with their figures: "Lykes Bros., 25 vessels, all subsidized by the Maritime Commission." What are they doing with them? They transferred 12 vessels to the Chilean Nitrate Corporation. They propose to sell 6 more to Great Britain. But you and I and the taxpayers have subsidized the construction and the operating differentials of those vessels. Now they are going to sell some of them to Great Britain and transfer 12 of them to Chilean trade. What is the answer to that, my dear friend from New York? There is a proposal here of the United States Lines to sell 6 or 8 vessels to Norway. If we have vessels to give away and to sell to other countries, let us give the public, the taxpayers of our own sweet country, a break and reduce this appropriation and keep it down, and save a little money for them.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Minnesota.

Mr. KNUTSON. The gentleman stated a moment ago he could not figure out why we were making these sales. I believe if the gentleman will examine the corporate structure of the companies to which we have sold these ships he will understand why the sales have been made.

Mr. GIFFORD. May I make a suggestion?

Mr. DIRKSEN. Yes.

Mr. GIFFORD. If the gentleman had the time, I am sure he could keep on all day, but I want to recommend mercy to a profligate administration. The gentleman is very harsh.

Mr. DIRKSEN. I am afraid my good friend from Massachusetts flatters me highly and generously.

Mr. OLIVER. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Maine.

Mr. OLIVER. Did I correctly understand the gentleman, who is very able and capable, to say that some of these ships that have been transferred were subsidized as to construction by the Maritime Commission?

Mr. DIRKSEN. These that were transferred to foreign registry?

Mr. OLIVER. Yes.

Mr. DIRKSEN. Not that I know of.

Mr. OLIVER. In other words, the subsidized construction program did not go into effect until 1936 or 1937?

Mr. DIRKSEN. That is right, but what about these vessels of Lykas Bros., all of which were subsidized, according to report, and recently built?

Mr. OLIVER. They were subsidized as to operation, but not as to construction.

Mr. DIRKSEN. Most of them have been subsidized as to operation, I would say.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Minnesota.

Mr. KNUTSON. What is the sense of subsidizing construction if we have more ships now than we need, and we evidently must have because we are selling them. The papers yesterday morning announced that Norway had refused to avail herself of an offer to acquire eight of these ships.

Mr. OLIVER. All I can say is that this program was authorized by the Congress in 1936 because a majority of the Congress at that time thought we wanted a merchant marine that belonged to the United States of America.

Mr. KNUTSON. To whom did the ships we transferred belong before they were transferred?

Mr. OLIVER. They belonged to the operators.

Mr. KNUTSON. The gentleman does not contend that the Government should go into the operation of steamship lines?

Mr. OLIVER. That was the program, and it was adopted by a large majority of Congress in 1936.

Mr. KNUTSON. That was a rubber-stamp Congress.

Mr. DIRKSEN. They say this program ought to be accelerated because costs are going up, labor costs and material costs. Suppose the costs come down after the conflagration

in Europe subsidies. What then? Then we can go to the Treasury and charge off a tremendous loss before we get through, and when the time comes to liquidate that program it is going to be too bad for old John Q. Public.

So let us start now with an element of caution and hold this down to where the full committee, by a vote of 26 to 6, placed it this morning, at a level of \$125,000,000.

Let me now pass on to a new agency and I wish the whole day were available for this, but it is not.

Mr. ENGEL. Mr. Chairman, will the gentleman yield for a correction?

Mr. DIRKSEN. Certainly.

Mr. ENGEL. The gentleman said the reduction was \$100,000,000. Was it not \$75,000,000?

Mr. DIRKSEN. Yes; from \$200,000,000 to \$125,000,000.

Mr. ENGEL. And that is \$25,000,000 more than was appropriated last year.

Mr. DIRKSEN. There came this year a new agency, as usual created by Executive order. My good friend from Cotuit laughs about that. He has had lots of experience in such matters.

This agency was created by Executive Order No. 7916, dated June 4, 1938. It is known as the Council of Personnel Administration. It is only asking for \$50,000 and, "Surely, Congress, you would not deny us, a humble little agency, just a mere \$50,000, which is only pin money." Oh, it looks so lacking of guile on its face and looks so alluring you can hardly contain yourself. You just want to get your hands into the Treasury and give them \$50,000 to run for the next fiscal year, but let us take a look at it and see whether it is as simple and as lacking in guile as it appears on the face of things. A former Member of Congress is the head of that agency, Mr. Frederick Davenport. I have no doubt the former Senator from Kentucky recalls him. He served in this body with distinction from the great State of New York. The \$50,000 is to be used to advise the President on personnel matters and to coordinate and cooperate with the Civil Service Commission. Now, if that were the whole story it would not be so bad, but let us take a look at the rest of the story. You set up a little council here, give them \$50,000, and how shall they operate? They must have a personnel director and a staff in the Department of Labor; they must have one in the Department of the Navy, they must have a coordinating service down in the War Department and in the Treasury and in the various agencies of government, and that is exactly what they have got. So it is going to coordinate personnel, classification, recruitment, and all those other things that go along with it. I have made a rough tabulation of what is involved there. Do you know how many people will be involved in personnel administration over and above the regular number? Over 200, and they come to the Budget and for 1941 they ask for two and a half million dollars in order to carry on, sort of under the guidance of this little agency that only asks for \$50,000. You see, that is the way the camel gets his nose under the tent, and then after a while you have a full-grown new agency, functioning like a great live tree, spreading its branches throughout the governmental structure and then you will never be able to dislodge them.

At the proper time I shall offer an amendment seeking to strike that agency out of existence; and if you will join with me in giving it the coup de grâce, we will have done another great favor for the taxpayers of the country that will be like some great swell that gathers momentum with the years and give us a better appreciation of the money we have saved and the service that we have rendered to the country. So there is a modest \$50,000 item, but it is like a stone that is thrown into the water—the ripples go out to all the 48 States of the Union, and suddenly it takes on the proportions of a several-million-dollar item. Let us stop it now when we get around to amending this bill.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. PARSONS. What estimate was made in the Budget for the National Resources Board and the Government Statistical Board?

Mr. DIRKSEN. About \$1,000,000, and the Central Statistical Board item of \$126,000 was joined with the Budget Bureau. So their appropriation is reflected in the total for the Budget Bureau.

Mr. PARSONS. I understand your report eliminates the Budget estimate for that in this bill; for what reason?

Mr. DIRKSEN. We eliminated the Office of Government Reports, which is the old National Emergency Council. We eliminated entirely the National Resources Planning Board because we do not think there is any real authority in law for it. If any authority could be found, it would expire as of June 30, 1940, and its functions were sought to be revived under the reorganization bill, which cannot be done, in my humble judgment.

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. WARREN. Perhaps I ought not to express an opinion, as I happen to be presiding over this bill, but I agree with the gentleman that I can find no authority in law for setting up a National Resources Board. In fact, the Reorganization Act itself prohibits that from becoming a permanent agency.

Mr. DIRKSEN. Precisely.

Mr. WARREN. While we are talking about it, I think it is well to say this: That that measure has been considered in some form by four different committees of the House, and in each instance it has been rejected. I feel that with the acquiescence of the acting committee that covered the reorganization I made a pledge to the House about that matter and stated at the time that so far as I was concerned I would resist in every way possible making the National Resources Board a permanent agency.

Mr. DIRKSEN. The gentleman did so state.

Mr. WARREN. And I further think that, had it not been eliminated from the reorganization bill, we never would have been able to get that measure through the House.

Mr. DIRKSEN. Exactly.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Oh, I hope the gentleman will excuse me; I fear that my time will elapse before I get through. I direct attention now for a moment to the Home Owners' Loan Corporation, and when I do, let me point out to you that there are over 30 separate Government corporations and lending agencies operating today that represent their assets to be about \$12,800,000,000, and they represent their liabilities to be \$8,800,000,000; and if you want to get some real informative reading sometime, I suggest that you have the Treasury send you every month this bulletin of the Treasury Department. This is dated December 1939. There are some very informative tables on these Government corporations and their outstanding obligations. There is the list—\$12,866,000,000 in assets and a total of about \$8,800,000,000 in liabilities. Offhand we are \$4,000,000,000 to the good. Is that not sweet? Yes; it is until you look at it, and then it takes on a different cast. Let me point out, first of all, with respect to these Government corporations, that there are in the hands of the American public today, as of October 1939, over \$5,448,000,000 of guaranteed bonds. Those bonds are guaranteed as to principal and interest; and then when they come with the Budget statement, they say, "That is all right, because on the other side are recoverable assets." What kind of recoverable assets? Mortgages upon the homes of the people held by the Home Owners' Loan Corporation, advances by the Commodity Credit Corporation and secured paper for it, Reconstruction Finance Corporation loans—all of that sort of thing; P. W. A. bonds; all those fine assets. Have you ever seen a consolidated balance sheet as to what those assets might be? Let me tell you about one of them, and that is the Home Owners' Loan Corporation. I do not envy Mr. Fahey his job as head of the largest money-lending establishment anywhere in the world. He is going to have plenty of difficulty before he gets through. When they finished lending and stopped applications, they had made 1,017,000 loans, a little over \$3,000,000,000. How much did they lose this last year? Sixty-six million dollars. That is



not all. He said in his report to us that the average loss was about \$920 a house. I asked whether there were any expenses, commissions, and whether there were any selling charges. "Oh, yes," he replied; and then I asked him to kindly extend them in the record in the form of a table. Mr. Chairman, that will be found in the hearings. There were over \$15,000,000 in selling charges, to sell homes on which Uncle Sam had loaned money, and now he is taking them back from the people.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Not now. Do you remember how they used to deride us in those celebrated hundred days of 1933, when they talked about those flinty-hearted, grasping bankers; those building and loan associations that had no soul and no sympathy, but reached out and foreclosed the homes of indigent and distressed citizens? Who is doing it now? Uncle Sam. He has foreclosed over 175,000 of those homes, which is 17½ percent of all the mortgages that have been made.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield right there?

Mr. DIRKSEN. They have sold over 70,000. They still own over 82,000—you and I own them today. You see, this is our Government, and you and we and the other 130,000,000 people today own 82,000 homes that have been taken by voluntary deed of foreclosure.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DIRKSEN. Mr. Chairman, I shall take another 15 minutes.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. In a moment. I said to Mr. Fahey, "What is the capital investment of Uncle Sam in these homes?" and he replied \$480,000,000, and it is in the record. I asked him then if he would put in the estimated current market value of them, if they were in liquidation today. What is the estimated current market value of the homes that we the people own, 82,000 of them, not including the 71,000 that have been sold?

Mr. GIFFORD. Oh, those have not been sold, actually. They were disposed of on a little payment down.

Mr. DIRKSEN. But I am talking about homes we still own—\$480,000,000 capital investment, \$360,000,000 estimated current market value. Draw a line, subtract, loss how much?—\$120,000,000. Not my figures. Those are the figures of the Home Owners' Loan Corporation, and you will find them in the record.

Now, when you go back home you can tell your people, without fear of contradiction, that that is the record. Isn't that noble?

Now, the gentleman from New York [Mr. FITZPATRICK] has been deviling me some about sales. Let me tell you about New York. Down in Oklahoma, for instance, they sell a house and how much do they lose on it? Six or seven hundred dollars. They sell one in Illinois and how much do they lose, including sales cost? Twelve hundred dollars. They sell one in New York and how much do they lose? They lose over \$3,274 per property. That is in the record.

Now I yield to my beloved associate. [Laughter.]

Mr. FITZPATRICK. Is it not a fact there are about \$76,000,000 in the surplus fund of the Home Owners' Loan Corporation at the present time?

Mr. DIRKSEN. Right.

Mr. FITZPATRICK. And is it not a fact that they saved over 1,000,000 homes in this country, and about 17 percent now have been foreclosed? Loans that no bank would uphold. Over a million people would have lost their homes only for that bill. The gentleman referred to New York. Yes; homes in New York cost \$18,000, and in other parts of the country they only cost \$1,500 and \$2,000. The reason why we are losing the amount the gentleman referred to is because of the great inflation in 1926, 1927, and 1929 under the Republican Party that increased prices 500 and 600 percent. [Laughter and applause.] That is the reason today, when they get

down to the real price, they are losing money. But remember, they have saved a million homes, that the banks would have foreclosed. I doubt if we ever passed a bill in this House that served the people more. I am going to ask the gentleman from Illinois this: How does he stand on second-, third-, and fourth-class mail, on which we lost \$130,100,257.20, as a subsidy to second-, third-, and fourth-class mail? The gentleman favors that, but he does not favor giving it to the home owners of this country. How do you stand on that?

Mr. DIRKSEN. I will join with my friend any time that he brings a bill on this floor to absolutely delete all mail subsidies. You have got my vote now.

Mr. FITZPATRICK. If there is an amendment offered on the Post Offices bill to cut that out, will you support the amendment?

Mr. DIRKSEN. I certainly shall.

Mr. FITZPATRICK. You shall? [Laughter and applause.] Well, I am glad to hear it.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Just a moment. Let me take a little more time.

Gentlemen, you remember when the Home Owners' Loan Corporation was created. Do not you remember the representations that we made on the floor, that we would not lose money; in fact, that we would make money? When Mr. Fahey came before the committee he said, "There is a fair chance that we may break even." Oh, it was an easy way to get out of the realism that stands before him, a monumental loss. When it is liquidated what is going to happen? Reach into Uncle Sam's Treasury. That is always the case. Do you not know there are four or five corporations now in existence, the United States Housing Corporation and others, that were organized and which functioned during the World War? The gentleman from Michigan [Mr. MICHENER] will remember those. We are still carrying them on the books. They have not been fully liquidated yet. Now, wait until liquidation comes for some of these corporations. Oh, it may be a tragic story for the people of this country.

Mr. GIFFORD. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. GIFFORD. Mr. Fahey's statement to the Committee on Banking and Currency was that he would not lose any money because they could borrow at 2 percent and they would loan at 4 or 4½ percent, and that would take up all losses they had. That was his testimony.

Mr. DIRKSEN. Now, while we are talking about loaning corporations, let me present what has happened to some of these bonds.

Mr. McCORMACK. Will the gentleman yield?

Mr. DIRKSEN. If it is very brief.

Mr. McCORMACK. Oh, naturally. I take it that my friend favored the law which created the Home Owners' Loan Corporation?

Mr. DIRKSEN. Definitely. I was for it. I voted for over half of these things, and I am proud that I did, because I wanted your administration, your President, and you good Members to have every opportunity to raise this country out of its trouble. That is why I went along.

Mr. McCORMACK. As a matter of fact, former President Hoover recommended the Home Owners' Loan Corporation and I think it is a good thing.

Mr. DIRKSEN. Yes. It is not the idea; it is in the administration where we excel, and always have. [Applause and laughter.]

While we are speaking of assets I want you to take these hearings; I want you to look at the bonds that are held by the Reconstruction Finance Corporation and by the Public Works Administration. There are over 350 issues that are in default. That is about 10 percent of the whole number of issues. They are scattered all over the country, but are represented by waterworks systems mostly, and that sort of thing, and then I want you to examine the column of reasons why they are in default.

Down in Winfield, W. Va., they report default on the water-revenue bonds because of "failure of officials to collect

charges." That is in the record supplied by the Public Works Administration.

Down in the little town of Mineral, Va., they are in default because of "costly water supply and lack of interest in the management." Down in Strawn, Tex., they are in default because of insufficient revenue. Down in Marquez, Tex., they are in default because of "competition from private wells and systems." In Jamestown, Tenn., they are in default because of "poor management and insufficient revenue."

Down in Lynchburg, S. C., they are in default because of "lack of customers and nonpayment of hydrant rental." That is one of the best reasons I know why default should occur, because they do not have customers.

In my own State we have some rather interesting examples. They built a waterworks system by W. P. A. at Grafton, Ill., down on the Illinois River. When we asked why bond interest could not be paid, they said: "These people have a prejudice against river water." Extraordinary, is it not? Then there is the case of Shawneetown, Ill. Lafayette went up the Ohio River and landed at Shawneetown many generations ago—a beautiful old city, but the floods came, and they moved the city about 10 or 15 miles away. I believe all the Members from Illinois are familiar with it, but they left the system built by the W. P. A. before they moved. Evidently the town moved away after the W. P. A. had installed the water system, because in their report they say: "This community has suffered from flood. Now being moved to its new location. No improvement likely until city stabilized in its new location." So you see they just moved out on the W. P. A., and the bonds are in default.

There is one from Northport, Mich.: "Failure of official to operate system economically and efficiently." Finally there is one from Galatia, Ill., in default upon its water-revenue bonds because of "bad management and defalcations of city clerk." Amazing how one fellow could gum up the works like that, is it not?

But those are the assets that are disclosed in the report of the Federal Treasury in the form of recoverables against the billions of contingent obligations that we own. Mr. Chairman, I certainly would like to see a consolidated balance sheet to see just how we stand. How are we going to make an intelligent Budget estimate? How are we going to give an accounting to the people for their money that we have been disbursing and lending unless we know what these probable assets are and what we can realize on them if they must be liquidated? Oh, that report is pregnant with drama, and it will be more dramatic as the years go along. Now let me allude to a minor item concerning the Federal Housing Administration, a pretty good agency; but you know, I believe that when Uncle Sam enters into competition with private industry he ought to give private industry a fair show.

I asked Mr. Ferguson, the general counsel, what he advertises in this literature on title I, modernization loans, as the rate of interest, what statements they make in this brochure that is sent to the people. Here are some of these brochures of the Federal Housing Administration. In this they do not use the word "interest." They use the word "discount." Examine these and you will find they say about title I, modernization loans, "\$5 discount per hundred."

When I was down here in December I saw the order of the Federal Trade Commission, dated December 11, 1939. They had Henry Ford, General Motors, Chevrolet, and others under charges for advertising 6-percent financing loans for automobile purchases. What did the Federal Trade Commission say to them? It said: "You must not do it; you must cease and desist from this practice if the true, simple interest rate is more than 6 percent." Well, it was, and so they have changed their system.

What about the Federal Housing Administration? I said—and you will find this on page 1104 of the hearings:

"Mr. Ferguson, what is the true interest rate that is reflected?"

He said: "The interest rate is 9.72 percent."

Almost 10 percent. But this record, this literature, these brochures they send out state: "\$5 discount per hundred."

Suppose you got one of these, what would you think? You would say: "That is 5 percent"; yet the true interest rate is 9.72 percent. Do you think that is fair? It seems to me it is time for the Congress to get busy and make this agency state the exact fact, because it is absolutely unfair to private industry to put out that kind of statement. The Federal Trade Commission makes private industry toe the mark, yet the Federal Housing Commission goes unchecked. It would be great fun to sick the Federal Trade Commission onto the Federal Housing Commission, but, unfortunately, we cannot do it. It is one of those things where we are estopped.

It is one of those things where we are estopped, and we must make the best of it until in their wisdom and in their good conscience they decide that perhaps they ought to follow a better line of practice.

Let me allude to one more thing. May I admonish you to be on the alert about any building program for public buildings that may be proposed for the Nation's Capital. They want a new building for the General Accounting Office. They are in the process of acquiring land or want to acquire land to build an annex to the State Department. They also want a new Economics Building in Washington. They have gone on laying out a scheme and plan which will obligate the people of this country for another \$40,000,000 of expenditures in the form of great white stone buildings to grace and adorn the Nation's Capital. I want my Capital City to be the most beautiful in the world, but I recognize when we do it in the present state of the Budget we are doing it with borrowed funds. Can we make a real conscientious accounting to the people of this country by building or undertaking to build or proposing to build or letting them get ready to build or propose to build fine buildings aggregating almost \$40,000,000 in Washington when we are still writing the last line of the Budget in red ink? I merely submit it to you, because some of these proposals may come along. We must be alert.

Let me finally conclude by expressing my felicitations inasmuch as this is the first appropriation bill, that it comes to you today \$95,000,000, approximately, below the estimate that was sent up by the Budget Bureau. I think that is a credible way for the Congress of the United States to start for the fiscal year 1941. May you be courageous and resolute in the faith as you walk down Economy Avenue and give the taxpayers of this country a break. [Applause.]

[Here the gavel fell.]

Mr. FITZPATRICK. Mr. Chairman, I yield 1 minute to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, it was amazing to me, to say the least of it, to hear the gentleman from Illinois [Mr. DIRKSEN] attack the Federal Power Commission for doing its duty in connection with the Conowingo Dam.

Every time a governmental agency, from the T. V. A. to the Federal Power Commission, tries to do something to protect the electric-light and power consumers of America from ruthless overcharges or to save innocent investors from exploitation at the hands of the Power Trust, immediately some old-guard Republican begins to wage an attack on that agency and to regale the House with repetitions of the propaganda put out by these special interests.

The gentleman from Illinois [Mr. DIRKSEN] complains that it has taken the Federal Power Commission so long to straighten out the Susquehanna Power Co. in connection with its construction and operation of the Conowingo Dam on the Susquehanna River near the Maryland-Pennsylvania line. Under the law it was necessary for the Federal Power Commission to determine the cost involved in the construction and operation of this dam in order, among other things, to determine what are reasonable wholesale rates for the power that is generated at this dam and as a rule shipped in interstate commerce.

The delay of which the gentleman complains has been brought about by the companies themselves. This case, which, as I said, is to determine the cost involving the Conowingo hydroelectric development on the Susquehanna River in Pennsylvania and Maryland, which was sponsored and built by the Philadelphia Electric Co. through its subsidiaries,



came up for hearing in March 1938. The hearing ended September 20, 1938, and briefs were filed in 1939. Whatever delay there was in bringing the case to final hearing was due mainly to the power companies themselves and to the unnecessary intricacies and complexities of the corporate ramifications and other similar arrangements through which the property connected with this project was acquired and the project itself constructed and operated—a great and intricate mesh of camouflage, if you please, to keep the facts concealed from the American people, and especially from the Federal Government and from the power consumers in Maryland and Pennsylvania.

The cost claimed by the power companies in this case was approximately \$55,000,000, of which \$38,000,000 was challenged and put in issue in the case. In other words, the Government contended that this alleged capital structure of \$55,000,000 contained something like \$38,000,000 of wind, water, or inflated valuations, upon which the people who buy electricity from this concern or its affiliates are compelled to pay dividends through exorbitant rates.

The Federal Power Commission undertook to hear this case as early as 1935, and set the time for hearing for June 4 of that year. It was continued indefinitely at that time upon the urgent appeals and petitions of the power companies themselves. The Commission first denied their petition for delay, but upon a hearing sought by the power companies, finally, on May 27, 1935, granted the petition of the power companies for an indefinite postponement of this cost-determination hearing. The gentleman from Illinois did not complain of that delay then; the power companies wanted it.

The Commission had required the power companies to file their claim-cost statement by December 1, 1933. They did not file it until March 1, 1934. When it was at last filed, it consisted of 14 large volumes containing 7,718 pages. The T. V. A. would have made a full and complete report of the costs of such a project in one booklet of not more than 50 or 100 pages; probably not more than 25 pages.

What if the T. V. A. had filed a report covering the developments on the whole Tennessee River—not on just one dam—that filled 14 large volumes of more than 7,000 pages? Every enemy of the T. V. A., every friend of the Power Trust in this House, would have raised such a howl of protest as has not been heard since the fall of the Insull empire.

The underlying records which they asked to be explored in connection with this claimed cost of \$55,000,000, ran more than 100,000 items, and more than 50,000 vouchers were presented, each for separate expenditures. I wonder if the gentleman from Illinois [Mr. DIRKSEN] and his associates among the enemies of the T. V. A. would like to place a burden of that magnitude upon the General Accounting Office?

Remember that the acquisition of the power companies' properties and the organizations of the various successive corporations and groups in connection with this enterprise extended over a period of more than 20 years preceding the time of the hearing, and the corporate agencies and other instrumentalities involved in the acquisition of the property numbered, in all, at least 25—all sucking money out of the pockets of the power consumers to pay dividends on the water in their capital structures and to pay their enormous overhead expenses. They were scattered throughout Pennsylvania and Maryland, with original records difficult to locate, and in many instances their records were lost or destroyed.

What a pity we do not have a T. V. A. on the Susquehanna River.

The investigation which it was necessary for the Federal Power Commission to make touching the acquisition of property, the manipulations of stocks and other transactions, the costs and profits of predecessor interests and corporations by these and affiliated groups in order to get the actual, original, legitimate cost, extended almost back to the turn of the century. This shows what a stupendous burden is placed upon the Federal Power Commission when it comes to handling these vast holding companies that serve no useful purpose, but cost the American people—the electric consumers of the Nation—untold millions of dollars every year.

The investigation of this total claimed cost of \$55,000,000, of which the Commission challenged \$38,000,000, was rendered more appallingly complex and difficult by reason of the circuitous and intermingled—and I might say intangible, if not incoherent or fictitious—transactions and dealings of the power companies, their affiliates, and their predecessors in interest, and by the unnecessarily intricate and involved corporate structures set up by these companies to handle and construct the project, and to furnish a ready means and a handy manner for fortifying their excessive claims of capital costs and making it as difficult as possible for the Federal Power Commission or any other Government agency to get the facts.

It was also necessary for the Commission to carry on extensive investigations through the records of other corporations and interests which were brought into the picture by the power companies, including an astonishing number of outside experts whose services were supposed to be retained at cost, the very staggering amount of which cried out for investigation.

The final hearing began in March 1938, and almost immediately the power companies again moved for an indefinite recess. It was clear that the power companies had not come to Washington intending to try the case even at that late date. They were manifestly expecting to secure further delay. The representatives of the Power Commission in charge of the hearing, however, pressed the matter and managed to make progress. There were constant requests from the power companies for delay and for reducing the number of hours to be utilized by the hearing each week. There were requests for recesses and constant complaints on the part of the power companies that the hearings were being held in a manner too exhausting physically for the ones engaged in it. They said there was a limit to the amount of such labor human beings could endure. They had, perhaps, exhausted themselves compiling those 14 volumes of alleged cost reports.

In May 1938 an extended recess was at last granted at the pressing insistence of the power companies themselves. The hearing reconvened in midsummer, and the same tactics of obstruction and delay were employed by the power companies. Examinations and cross-examination of witnesses were unduly and unnecessarily prolonged. A multitude of petty and unimportant objections followed each other in quick and regular order. The representatives of the Power Commission in charge of the hearing, however, pressed forward and managed to keep the hearing going, over loud protests and complaints from the representatives of the power companies.

The hearing was concluded September 20, 1938. There then ensued several months of delay in "correcting" the record, for which delay the power companies were principally responsible. There next followed applications on the part of the power companies for extensions of the time allowed for the filing of briefs. Briefs were filed in 1939. Throughout the entire proceedings the Commission has been diligent, earnest, and constant in attention to the case and in pressing it toward completion with all the speed that the importance of the matter and the complexity of its involvements would permit.

The challenged items to be dealt with run into the thousands. There are approximately 9,000 pages of the latest transcript, exclusive of the first hearing held before the Federal Power Commission and the hearings held before the State commissions of Pennsylvania and Maryland; and, according to the briefs of the power companies, there are in the record of the last hearing more than 14,000 pages of exhibits, not to speak of the printed volumes, maps, and so forth, in evidence—which probably run to as many as 50 volumes, many of which comprise several hundred pages.

The tactics of the power companies from the beginning have been to delay the final determination of fixed capital costs and to burden the Power Commission to death with a cumbersome record. With \$38,000,000 of their total claimed cost of \$55,000,000 challenged, they have never displayed any anxiety to reach a final determination of the matter. The efforts made to press the matter to a conclusion have all been on the part of the Commission and its staff.

The power companies are demanding that the several thousand items in controversy in this case be separately considered and determined, each on the basis of what they term "its own facts"; almost every challenged item to constitute a separate problem within itself. There are 50,000 vouchers, each representing separate expenditures, in evidence. The challenged total of \$38,000,000 does not by any means paint for the mind a complete picture of the gigantic task with which the Commission is confronted in this case.

To appreciate the task one would have to be familiar with and consider the many persons, corporations, groups, and interests who, since almost as far back as the turn of the century, have been interested in and have busied themselves for their own profit at different times in getting the Conowingo properties together and in "promoting" the project. It has been alleged that all of these different interests through 30 years were in the end "well taken care of" by the power companies who finally put all the properties together in one project, and that an effort has been made in this case to saddle not only all the cost incurred by all these corporations, interests, and groups upon the project's capital costs but also the fat profits and payments and rake-offs by which they were all finally "cared for."

Nothing should be permitted to interfere with the Commission's thorough consideration and development of the true facts in this case or with its determination to see to it that nothing but the actual, legitimate costs of the project shall be put into its fixed capital structure for purpose of its rate base and the price of recapture. The Commission has been more than fair to the power companies throughout the whole proceedings. The members of its hearing staff were careful to accord every requisite of complete fairness and due process. They acceded time and time again to the requests of the power companies for time and gave them every opportunity to establish their claimed costs. Now, in order to reach a just conclusion, the Commission intends to consider the evidence adduced and developed through the investigations of the grotesquely elaborate, involved, and top-heavy corporate and intercorporate set-ups and arrangements and the intricate dealings and circuitous trades of the past 30 years, by means of which the staggering claimed cost total of \$55,000,000 was built up by the power companies and their predecessors, affiliates, and associates.

This is more or less a test case. Every one of the 27,000,000 light and power consumers throughout the country are vitally interested in the outcome.

These attacks on the Federal Power Commission and the T. V. A. all seem to be inspired by the same influences and designed to impede the administration in its efforts to protect the ultimate consumers of electric lights and power from the exorbitant overcharges now being imposed.

Since 1933 the Federal Power Commission has intensified its efforts to save the water power of the Nation and to protect the American consumers of electric energy. Under the power which Congress gave it in 1935 to collect and publish light and power rates throughout the Nation, it has given information that, together with the example set by the T. V. A., along with the other power policies of the administration, has already reduced the rates to the electric light and power consumers of this country more than \$583,000,000 a year.

It has been stated here by enemies of the T. V. A. that the entire cost of that development would ultimately reach \$535,000,000. Yet these reductions in light and power rates of \$583,000,000 a year amount to \$48,000,000 more than the entire cost of the T. V. A., including all its dams and transmission lines, to say nothing of the benefits of flood control, navigation, soil conservation, and so forth. This reduction in rates in 1 year is more than 200 times the amount appropriated in this bill for the Federal Power Commission.

If we were to make no further reductions, and the consumption of electricity remained as it is today, the American people would save in 10 years \$5,830,000,000; and if we can get these rates reduced to the proper levels all over the country, we can save enough in a few years to pay off the national debt. Although we have reduced light and power

rates to this extent, the record shows that in 1938 the American people were still overcharged \$889,392,747, according to the T. V. A. rates; and \$1,007,156,359, according to the Ontario rates; and that the people of Maryland were overcharged \$13,191,408; and the people of Pennsylvania, \$72,513,570, according to the T. V. A. rates. These are the two States that use practically all the power generated at the Conowingo Dam. It is distributed through the Philadelphia Electric Co., and could be distributed at the T. V. A. yardstick rates without loss to legitimate investors.

Last year that company purchased 1,299,138,369 kilowatt-hours of electricity produced at the Conowingo Dam at an average of 3.34 mills a kilowatt-hour, which is cheaper than any of the cities, towns, or cooperative associations purchased power wholesale from the T. V. A. This power could have been distributed at the T. V. A. yardstick rates to the people of both Maryland and Pennsylvania and still yielded a reasonable return on the legitimate investments.

Other companies in these States could also reduce their charges to the T. V. A. yardstick rates and make money on their legitimate investments. If that were done, as I said, it would save the power consumers of Maryland more than \$13,000,000 a year, and the people of Pennsylvania more than \$72,000,000 a year.

Although the rates have been reduced to the people in these States since the creation of the T. V. A. in 1933 by more than \$8,000,000 a year in Maryland, and more than \$56,000,000 a year in Pennsylvania, still the people of Maryland are overcharged more than \$13,000,000 a year, and the people of Pennsylvania are overcharged more than \$72,000,000 a year.

And I might say to the gentleman from Illinois [Mr. DIRKSEN] that in 1938 the people of Illinois used 6,936,786,000 kilowatt-hours of electric energy, for which they paid \$161,177,634. Under the T. V. A. rates the cost would have been \$91,262,377, which showed an overcharge of \$69,915,257, according to the T. V. A. rates. If the people of Illinois had paid the same rates in 1938 they paid in 1934, the year the T. V. A. was put into operation, the cost would have been a little above \$264,000,000, or \$56,000,000 more than they actually paid, and \$173,000,000 more than they would have paid under the T. V. A. rates.

So it will be seen that while we have a long way to go yet in bringing justice to the light and power consumers of Illinois, still we have reduced their rates since the T. V. A. was created by more than \$56,000,000 a year.

I know the gentlemen will probably say that these overcharges of \$69,000,000 a year are absorbed in taxes, but the record shows that the private power companies in Illinois pay in taxes, cash contributions, and free services only about \$25,000,000 a year, which amount taken from this overcharge would still leave a net overcharge of \$44,000,000 a year for which the people of Illinois get absolutely nothing in return.

In addition to compelling these private companies that have dams on our navigable streams, or who ship power in interstate commerce, to show their legitimate investments, and in that way squeezing the water out of their inflated valuations, the Federal Power Commission is rendering one of the greatest services that ever came to the people of this country by compiling and publishing the electric rates charged by both private and public power systems in every city, town, and community in America.

Anybody who desires to do so can write the Federal Power Commission and for a small compensation, of probably 10 cents each, secure these reports on each and every State in the Union. Then he can make his own comparisons.

I have on my desk at this moment a volume compiled by the Federal Power Commission known as the National Electric Rate Book, that covers every single State in the Union and shows the rates charged in every community. This volume is worth its weight in diamonds to the power consumers of America, for the reason that it provides that deadly parallel that all the Power Trust propaganda or inspired oratory cannot answer. I have introduced a resolution to have this volume made a House document in order that every Member may secure a few copies for his own use and distribution to



those communities in his district that are vitally interested in this question.

If the Federal Power Commission never did anything else than to gather and publish these rates and compile this rate book it would not only have justified its existence throughout all the years to come but would have saved the American consumers of electric energy hundreds of millions, if not billions, of dollars, that would have otherwise been wrung from them through exorbitant overcharges.

So, Mr. Chairman, instead of criticizing the Federal Power Commission for doing its duty, I submit that the gentleman from Illinois should be offering thanks for the protection the Commission has offered the power consumers of the Nation, and especially of his own State.

Instead of criticizing the Federal Power Commission for doing its duty and attempting so to limit its funds as to render it impossible for it to carry on this great work, we should be applauding it and providing it with whatever amounts are necessary to enable it to perform these arduous tasks.

The electric business is a public business and must be publicly regulated or publicly owned, if the people are to be protected. If regulation continues to fail, then the whole country will swing to public ownership of power facilities—and the sooner they come to that conclusion the sooner we will be able to lift this burden of a billion dollars in annual overcharges for electric lights and power from the backs of the American people.

It has been universally recognized, ever since the establishment of the rule of Hale in England, that privately owned utility companies are "affected with a public interest" and cease to remain in the classification of ordinary private business. The very nature of the electric business imposes a high degree of public interest and, as I said, makes it a public business.

Following the celebrated Granger case of 1877—Munn against Illinois—the various States attempted to assume their sovereignty over this type of corporations. At first the States delegated their sovereign authority to their lesser subdivisions. Evils of great proportions then became a part of the system until exposed in the Hughes investigation of 1905.

Aroused public opinion forced a change from the older order. Out of the revelation came regulation by commissions. The Federal Trade Commission investigation of 1927 to 1933 disclosed voluminous evidences of fraud, political manipulation, and corruption, culminating in the fall of the Insull empire in Illinois.

Congress then attempted to curb these forces of evil through the Securities and Exchange Commission and the Holding Company Acts. Late evidences definitely demonstrate the fact that these forces still ride on. Congress has not accomplished the results intended.

In the midst of world-wide disorders, democracy must take stock. To survive it is necessary for us to drive the lepers from control within the body politic—both State and National.

The Department of Justice has lately concentrated its activities on corrupt politicians. These efforts are to be commended; but they do not reach the roots of the trouble. We must reach and punish the moneyed interests behind the alliance of politics and corruption. Public exposure is the first step in the process of driving out these lepers.

After the Federal Trade Commission's investigation the leaders of the Power Trust solemnly promised the American people that they would desist from their evil practices. But they have not kept the faith; in fact, their evil practices have been on the increase. Now is the time to call a halt.

You cannot place a veil of sanctity over these offenders by campaign contributions.

The refusal of the Securities and Exchange Commission to permit the \$8,000,000,000 Associated Gas & Electric system to make dividend payments out of its capital has resulted in that vast holding company filing a bankruptcy petition. This intricate system, with a capital debt of nearly \$700 per consumer, or about three or four times what it is actually worth, has been one of the worst offenders. This superholding company, operating in 23 States, has a highly intricate financial

set-up. With all due respect to our Federal courts and the Department of Justice, it would be practically impossible for them alone to unravel the maze of book entries created by this huge octopus. Neither agency has the facilities to reach and point out the real facts. They need highly skilled assistance.

In New York State, for example, the Associated Gas & Electric system has 73,000 kilowatts of hydro power. This hydro power, from water belonging to all our people, has been used to extort revenues, through exorbitant electric rates, which revenues have in part been used to make political contributions or to corrupt public officials.

We have read recently in the Washington papers that the president of the local electric company was transferred to the Union Electric Co. of Missouri and Illinois to relieve the malodorous situation created by the charges of the St. Louis papers that the company officials were engaged in corrupting practices. The Securities and Exchange Commission was supposed to investigate this situation, but the real facts, as far as I know, have not reached the public. There is no reason for suppressing the facts or allowing these culprits to go unpunished.

No wonder the power consumers are overcharged \$69,000,000 a year in Illinois, \$14,000,000 a year in Iowa, and \$21,000,000 a year in Missouri.

The Union Electric, a subsidiary of the North American Co., receives a substantial part of its electric energy from hydro plants located on the Mississippi at Keokuk, and on the Osage public power that should be used for the benefit of the people of that area. Technical assistance is needed to unravel the facts as to the company's investments, expenditures, political payments, and activities.

The North American Co. has also subsidiaries operating in Illinois and Missouri, which have been charged with engaging in atrocious political activities. The corrupting influences of the lobbies maintained by these companies in the State capitals is said to be beyond comprehension. Nearly a year ago in a speech here in the House I called attention to some of these activities, but they still go on. The Missouri Power & Light Co. receives a substantial part of its current from the Keokuk Mississippi Power's hydro plant. The Illinois-Iowa Power Co. has a hydro plant on the Illinois River at Marseilles, Ill., using Federal water, and also transmitting power from the Keokuk Dam in interstate commerce. I am firmly convinced that a thoroughgoing investigation will disclose wholesale corruption of public officials by the officials of these two companies, which are tied together by a subholding company, the North American Power Co.

To bring such activities to light, and to focus public attention, I propose a thorough investigation of these companies.

I also propose to do my best to see that before the demands of the State of Illinois for increased deliveries of water from Lake Michigan are given consideration, the beneficiaries of this water power desist from their evil and corrupting practices and operate within the letter and the spirit of the law. Regulation cannot be made effective until these vicious activities on the part of the Power Trust are stopped.

I am convinced that a thoroughgoing investigation of these four companies will reveal startling conditions. To allow such practices to continue unchecked is dangerous to our national security.

These are matters to be handled by the Federal Power Commission. So, instead of attempting to hamper the Commission by legislative penury or carping criticisms, we should let the world know that in these attempts to protect the electric consumers of the country the Commission has the enthusiastic backing and support of the Congress of the United States.

Mr. FITZPATRICK. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. LANHAM].

Mr. LANHAM. Mr. Chairman, we have been listening to some interesting and able arguments with reference to governmental economy. For a few moments I wish to divert our attention to an outstanding instance of individual economy. It is an old saying and a true one that example is better than precept.

I think this is the first time during my service in the House that I have appeared on the floor with an article of exhibit, but in these days when so little accent is being placed on thrift and personal industry it seems proper to present this object lesson for its value in inspiration. Mr. Ripley thought it of sufficient importance to include it in his Believe It or Not. In its implications it carries us back to the spirit of the pioneers who made this country, a spirit that likely must be revived and renewed for the permanent preservation of this country.

There lives in my native city of Weatherford, Tex., Mr. G. A. Holland, a distinguished gentleman who on the 12th day of this month passed the eighty-first anniversary of his birth. It has been my privilege and pleasure to know him since my boyhood. He has served as president of a national bank in that city, was for many years its mayor, and for a quarter of a century the chairman of its school board. He has devoted a great deal of time to research and has preserved in a volume which he wrote and published the history of the pioneers who developed that section. He has equipped a most interesting museum which is keeping for posterity many historic relics of important significance.

These statements give briefly the background of explanation of the instance of unusual thrift to which I would call your attention. Mr. Holland has sent to me for presentation some homespun cotton towels of his own making. He wishes one presented to the wife of the President, one to the wife of the Vice President, and one to the wife of the Speaker. This statement of itself does not disclose the significance of these gifts or impress properly the lesson they involve. What I wish specially to call to your attention as an example of individual American industry are the facts that they were made after Mr. Holland had passed his eightieth birthday, that the most primitive methods were used, that they are the products of one man's effort, and that each was completed from the picking of the cotton in the field to the weaving of the fabric during the daylight hours of a single day. With his own hands he picked the cotton, with his own fingers he separated the lint from the seed, washed and cleaned the lint, carded it, spun it into thread, and wove it into a towel. He used the old spinning wheel and loom which his mother had operated in the early days of his youth.

Though an octogenarian, he is active and vigorous as a civic leader and presenting daily his fine example of self-reliant Americanism.

Is it not well to pause for a moment in these times in which we live to contemplate this splendid exemplification of the spirit that has made America great? Surely it should prove inspirational to the youth of our country. All our ills cannot be cured by legislation, but they can be cured if as a people we shall practice those time-honored traits of thrift and individual industry which have yielded us the civilization of a glorious democracy. [Applause.]

Mr. FITZPATRICK. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Chairman, I rise today to make a very important observation on the most important issue with which the country is confronted today.

In the first place, I want to pay a great tribute of respect to J. Edgar Hoover, head of the Federal Bureau of Investigation, and the men who work under him. They have done a fine job in picking up a number of men, although the number now is small, of the so-called Christian Front.

Some Members may think this is only a minor matter and does not amount to very much, but I assure you, as I have in the past, that when the whole story behind the arrest of these men will be told there will be an exposé of this so-called Christian Front and the Christian Mobilizers and other hoodlums that will startle the country.

I do not want to go too far back, but in the last 6 or 8 or 10 months every Congressman has been buttonholed to find out whether or not he is going to support the Dies committee; in fact, the newspapers have got some of the Congressmen afraid to say "no."

Anything I may say here is not personal. It is not in the form of criticism but in the form of constructive advice, as

I have tried to give on previous occasions, but which the committee so far has not followed. I want to tell you now that I know something about this subject. Not alone was I responsible for the original McCormack committee, going way back to 1934, but I tried in vain to restore the McCormack committee in 1937, when some of the gentlemen on this floor on both sides ridiculed the proposition that un-Americanism existed in the United States. Some of them got up and cracked jokes about our looking for Nazis and Communists under the bed. I wish you would read the Record of April 8, 1937, and compare it with what we are asked to do now. I could not get anywhere then. Thirty-nine Members stood up for my resolution for the continuation of the McCormack committee at that time, and the rest of the Members sort of joked about the whole matter.

When conditions were becoming worse and our form of government was being undermined every day, I alone stood in the Well of this House and protested against the activities and propaganda of foreign agents, including Communists and Nazis. No; since my name was DICKSTEIN—now, take it for what it is worth—I could not seem to get the support of the Congress.

I drew a new resolution, which you are now sucking like a lollipop, to create the Dies committee. I drew that resolution and myself appeared before the Committee on Rules without any help from anybody. I fought for that resolution in the Rules Committee when I presented documentary proof of un-Americanism and the activity of foreign agents. I told you 2 or 3 years ago that there were hundreds of spies in this country. I have told you of propaganda material that is being transported from foreign shores to this country which is definitely not for the best interest of this country, and I have been ridiculed. Lo and behold! we passed the Dies resolution. I was not on the committee and I am not sore about it, and I do not want anyone to tell me I am making this speech just because I am not on the committee. More power to the Dies committee. They have done a good job to a certain extent, but they have not done the job the people expected them to do.

The gentleman from Massachusetts, JOHN McCORMACK, who was chairman of the original committee, would not have dared to issue statements attacking any individual or persons without having definite proof or positive evidence. The gentleman from Massachusetts, JOHN McCORMACK, would not have dared to denounce individuals publicly and paint them as "reds" or "pinks" or "blues" or "whites" unless the evidence was there and the committee had approved the action of the group. In the last few months all we have had have been a number of front-page releases of a one-man committee or a two-man committee, without some of the persons concerned even having been given an opportunity to be heard and to defend their rights. Yes; the Dies committee has done some work, and I am proud of it, because I was the father of that resolution, but they should have done a still better job.

I now want to direct to you and to the members of the Dies committee who happen to be sitting on the floor this question: Why did you not investigate the Fascist groups in this country? I have seen press releases to the effect that you condemn nazi-ism, fascism, and communism. Fine; but you have not subpoenaed the men engaged in the activities which are the greatest evil to America, those connected with the Christian Front and the Christian Mobilizers and others. I could name the rest of them to you. You have allowed these men to organize in this country in one form or another to overthrow the Government. In my city last month and the month before blood was shed in numbers of instances because the so-called Christian Mobilizers, who were claiming backing from Father Coughlin, were parading and demonstrating on the streets of New York. There were bloody fights in that city, which has a population of 7,000,000 people.

This was because they preached racial intolerance and revolutionary tactics in condemning the Congress, the Government, and the President.

And, lo and behold, I recall 1937, when I appeared before you, asking you to give me further power to destroy this un-Americanism, how some Members got up on the floor and said, "We do not want any more investigations; we want



laws." Why, the fact is that the McCormack committee brought out more laws than any other committee in the long past of such investigations.

As a result of the McCormack law to register foreign agents, we have convicted now dozens of men and women. If it was not for that law we would have had no law for their conviction.

So far the Dies committee, in its present report, has submitted nothing in the form of constructive suggestions for Congress to act. In August 1939 I gave the Dies committee the opportunity to do something constructive in investigating the Christian Front and similar groups. I exposed in the Appendix of the RECORD, volume 84, page 4042, this whole Fascist group, with the names of their leaders and their meeting places, in New York City at least. The very men who have been caught now by the Department of Justice with arsenals in New York are members of this group which, I feel sure, has other arsenals in other cities of our country. They have arrested only 17 now, but there will be 1,700 before the year is up. There are higher-ups in this proposition.

I am very fond of my colleagues on the Dies committee. I know they want to do the job, but why did they not follow up the suggestions I made in the RECORD? Why should they not have received the credit for this investigation of fascism, the Christian Fronters, the Christian Mobilizers, and other people who, under the guise of Christianity, are seeking to destroy America and what we stand for as a democracy?

I am not afraid of being criticized by any press because they might say I am attacking the Dies committee. Oh, let us have the Dies committee. Let us have the investigation, but do not let us pussyfoot. Let us stop this hullabaloo of press releases. Instead, let us attack the problem that is most essential to be attacked today—fascism in its worst form.

Mr. THOMAS of New Jersey. Mr. Chairman, will the gentleman yield to me?

Mr. DICKSTEIN. I yield to the gentleman for a brief question.

Mr. THOMAS of New Jersey. As I recall the gentleman's remarks last year, he made nazi-ism his strongest plea for investigation. Has the gentleman changed from that, and is he now bringing up the question of fascism as his strongest plea for investigation?

Mr. DICKSTEIN. No; the gentleman knows better than that, and furthermore, nazi-ism is a form of fascism. I think my friend from New Jersey was one of my good friends who laughed me out of court on the 8th of April about finding Nazis under the bed, and asking what I was afraid of and almost told me to sit down and pay no attention to it. If my friend is propounding the question whether I am trying to exempt any "ism," he is wrong. I am against fascism and communism just as much as the gentleman from New Jersey, and I want to call his attention to this fact—

Mr. THOMAS of New Jersey. I do not think that answers my question.

Mr. DICKSTEIN. The gentleman asked me whether I had now changed my position.

Mr. THOMAS of New Jersey. That is right.

Mr. DICKSTEIN. I have never changed my position.

Mr. THOMAS of New Jersey. Your position is just the same today as it always has been?

Mr. DICKSTEIN. To get rid of all of them.

Mr. THOMAS of New Jersey. I would like to ask the gentleman another question. The gentleman said the Dies committee should not get any credit for this action on the part of the F. B. I. in regard to those activities up in New York.

Mr. DICKSTEIN. None at all.

Mr. THOMAS of New Jersey. Who should get credit for that?

Mr. DICKSTEIN. The Department of Justice did the job, not the Dies committee.

Mr. THOMAS of New Jersey. Has the gentleman from New York read the eight volumes of hearings before the Dies committee?

Mr. DICKSTEIN. My good friend, I have followed your reports and your hearings so religiously that if it came up as a

question of law and if I were the court, I would strike out about 90 percent of it as incompetent and irrelevant.

Mr. THOMAS of New Jersey. You would strike out 90 percent of it?

Mr. DICKSTEIN. As not bearing on what we are seeking to investigate, which is un-American activities, as I proposed.

Mr. THOMAS of New Jersey. But the gentleman knows that if he would leave in the other 10 percent he would have to come to the conclusion that the Dies committee also went into these Fascist organizations.

Mr. DICKSTEIN. Have you subpoenaed any of them?

Mr. THOMAS of New Jersey. We have subpoenaed many of them.

Mr. DICKSTEIN. Have you subpoenaed any one of those that appear in my speech in the RECORD of August 14, dealing directly with the Christian Front? You have not done it. Have you subpoenaed Father Coughlin?

Mr. THOMAS of New Jersey. Will the gentleman yield further?

Mr. DICKSTEIN. Let us get down to direct questions.

Mr. THOMAS of New Jersey. Will the gentleman yield further?

Mr. DICKSTEIN. One moment. I have told you that I have said you have done some good work, but you have been discriminating between one group and another, and you have not put them all on the auction block and destroyed them.

Mr. THOMAS of New Jersey. The gentleman knows that we have investigated Fascist organizations more than any other investigating committee in the entire history of the Government. Is not that true?

Mr. DICKSTEIN. No.

Mr. THOMAS of New Jersey. Then, it is evident that the gentleman has not read the eight volumes of testimony.

Mr. DICKSTEIN. If you will read the record that I have pointed out to you—

Mr. STARNES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. DICKSTEIN. I will in a moment. I just want to point out to you about 50 names that I have mentioned in my speech on un-American activities in this country that you now say are in a conspiracy against the United States. You have not subpoenaed any of those. You have subpoenaed Mr. Moseley, and you did a good job, but you did not follow through.

Mr. THOMAS of New Jersey. I am very glad to hear the gentleman say that we have done a good job, because it is the first time that he has said it.

Mr. DICKSTEIN. I know I said that before.

Mr. STARNES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. STARNES of Alabama. I want to correct the distinguished gentleman from New York about some of the statements that he has made with reference to the special committee investigating un-American activities. The gentleman stated that the committee has not investigated Fascist groups. Evidently he has not read the record, because we had before us the national commander of the White Camellias, and we had before us the leaders of other organizations. Their names are set out in the report—Mr. Deatherage and Mr. Gilbert. We had a member of the Silver Shirt Legion, and we had Fritz Kuhn, the leader of the German-American Bund, and we had former members of many of these Fascist organizations. In August 1939 we received very positive testimony with reference to the fact that this Christian Front and the Christian Mobilizers were working hand in glove with the German-American Bund in this country. We made this information public, and it is a part of the record. When the gentleman from New York, or any other man, states on the floor of this House or elsewhere that this committee has shown favoritism in its investigation or that we failed to investigate fascism or Nazi activities, he is stating that which is not true and which cannot be backed up by the record. We understand also that the gentleman was a member of the McCormack committee, which did good work. We

understand the gentleman's attitude about this present committee. I tell him that page after page and volume after volume of hearings of sworn testimony of the leaders of many of these so-called Fascist groups are a part of the record. I suggest to the gentleman that he stick to the truth.

Mr. DICKSTEIN. I wish the gentleman would stick to the truth, and I wish he would confine himself to a more moderate way of speaking. The gentleman makes the charge that I am trying to exaggerate; that I am telling an untruth. He almost told the House that I am trying to camouflage or attempting to tell an untruth, and I resent that, because I do not intend to charge any Member of this body with bad faith. I am trying to present the facts as I see them. I say in answer that the gentleman's committee has not subpoenaed the real Fascist groups in this country, which are responsible for domestic fascism in the United States, tied up with foreign governments. I do admit that you subpoenaed the White Shirts and the Camellias, but that was only to scratch the surface. There is nothing personal about my criticism, and at the outset I said that I am not attempting to criticize any particular member of the committee; but that there is a time when a man must speak, and it is fortunate indeed that we still have free speech, even in the Congress of the United States.

Mr. STARNES of Alabama. And may I say to the gentleman that the records shows that we investigated many of these organizations and had the leaders, where they could be found, brought before us. We investigated and looked into many other organizations, practically everyone that the gentleman named in his speech of August, or whatever date it was, in 1939. We have voluminous records, voluminous statements of investigators, and material which they seized in connection therewith, which will be made public.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. FITZPATRICK. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. STARNES of Alabama. The Federal Bureau of Investigation is to be congratulated; but in this connection the prosecutions under the McCormack Act were brought about only after the expose by the Special Committee Investigating Un-American Activities had brought these matters to the attention of the country and the law-enforcement agencies of this country.

Mr. DICKSTEIN. Well, that is all right.

Mr. KRAMER. Will the gentleman yield?

Mr. DICKSTEIN. I yield to my friend.

Mr. KRAMER. The gentleman will recall that in 1933, when the first committee on un-American activities was appointed by the late Speaker Henry Rainey, the gentleman from New York [Mr. DICKSTEIN] the gentleman from Massachusetts [Mr. McCORMACK], myself, and many others then Members of the House who are not here today, brought the investigation and made a full report, a unanimous report, before the gentleman from Alabama [Mr. STARNES] was a Member of the House. In that report, as a result of it, there were four bills introduced, one of which was a bill which I introduced, which made it a crime to advocate the overthrow of the Government of the United States by force or violence. What effect did that have upon this House? What effect did it have? I battled with the gentleman from Massachusetts [Mr. McCORMACK] to get it through the Judiciary Committee. Finally, we got it reported out of that committee, but we could not get it through the Rules Committee, and it was not until the last session that the gentleman from Massachusetts, Hon. JOHN McCORMACK, and the gentleman from Alabama, Hon. SAM HOBBS, offered an amendment that made it a violation to attempt to overthrow the Government of the United States by force or violence. I think the fundamental principles advocated at that time were brought out then. Is that not the fact?

Mr. DICKSTEIN. That is true, and I recall that you were in charge of the Pelley situation, and Pelley was convicted in Asheville, N. C. But let me say further, the Dies committee or its investigators did not even take the trouble to come

over to the office to look over some of the files I had. I was willing to cooperate. In fact, I spoke to my good friend from Alabama and appealed to him to advise his chairman, if it would help this investigation. If we were going to have an investigation at all, let us not make it all pink or red or blue. Let us get them all. They have no business in this country.

Mr. KRAMER. Will the gentleman yield further?

Mr. DICKSTEIN. I yield for a brief question.

Mr. KRAMER. I told the gentleman from Texas [Mr. DIES] and the gentleman from Alabama [Mr. STARNES], members of the new committee, that the files of the former committee were at their command, and not even once did they ask to be given any help.

Mr. THOMAS of New Jersey. Will the gentleman yield?

Mr. DICKSTEIN. I do not have time. I would like to finish my statement.

Mr. THOMAS of New Jersey. The gentleman does not care to answer?

Mr. DICKSTEIN. I would be glad to, if I had the time.

Mr. CASE of South Dakota. I yield the gentleman 2 additional minutes to answer the question.

Mr. THOMAS of New Jersey. As you know, the Dies committee has met probably hundreds of days. We were meeting most of the time when the House was in session and also during the summer.

Mr. DICKSTEIN. I believe that.

Mr. THOMAS of New Jersey. I cannot recall ever seeing the gentleman from New York at any of the meetings. I may be wrong, but would you tell us how many times you came over to the Dies committee?

Mr. DICKSTEIN. I only came to the Dies committee once, not to be advised with or consulted with, but just as a spectator.

Mr. THOMAS of New Jersey. Are you drawing your conclusion that 90 percent of the testimony presented to the Dies committee is irrelevant just because of the one call you made on the committee?

Mr. DICKSTEIN. No. That had nothing to do with the call at all.

Mr. THOMAS of New Jersey. Will you tell us, then, how you drew that conclusion?

Mr. DICKSTEIN. That is not a conclusion at all and that is not an inference. When the Dies committee was created I sent some information to my colleague, the gentleman from Texas [Mr. DIES], and I got a letter 2 weeks thereafter from a third- or fourth-rate secretary stating that it would be called to the attention of the gentleman from Texas [Mr. DIES] at a later date. It has not yet been called to the attention of the gentleman from Texas [Mr. DIES]. So what could I do? I was ready to serve the committee in any way possible, whether to advise or to show the records I had or tell them what was going on. I have gone through hell fire to get information for the benefit of my committee or any other committee which wished to take advantage of it, and you have not taken advantage of it. What is the use talking about it? I have the recorded records. I have advised one member of the committee that I had in my possession evidence sufficient to not only indict one but hundreds of people for un-American activities, seeking to destroy this Government. You have not taken advantage of it. Let us not go into all that.

Mr. THOMAS of New Jersey. Why does not the gentleman turn over that material to the Dies committee? There are seven members of the committee and the gentleman knows where they sit every day. We would be very glad to see that material. I am sure the gentleman from Alabama [Mr. STARNES] would be glad to see it, and I know I would be glad to see it. Will the gentleman turn it over the next day we meet?

Mr. DICKSTEIN. Now wait a minute.

Mr. THOMAS of New Jersey. Will the gentleman turn it over the next day we meet?

Mr. DICKSTEIN. Now, just a minute. Do not go so fast. These records are in code.

Mr. THOMAS of New Jersey. I ask the gentleman to turn them over to the committee now.



Mr. DICKSTEIN. I have heard that story before and nothing came of it.

Mr. THOMAS of New Jersey. The gentleman does not have to do it if he does not want to.

Mr. DICKSTEIN. You people have an idea that I am trying to steal credit from you. I tell you I do not care for any credit as long as I serve my country the best way I know how as a Member of this House. [Applause.]

[Here the gavel fell.]

Mr. CASE of South Dakota. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GWYNNE].

Mr. GWYNNE. Mr. Chairman, the appropriation bill we are now considering carries a total appropriation of \$1,151,212,307. It provides for a year's program of over 30 separate agencies. It contains over 100 separate and distinct items. The entire bill has received extended and careful consideration by the Appropriations Committee of the House. Furthermore, any Member, under our rules, may offer an amendment to reduce, increase, or eliminate any particular item. So far as the House is concerned, this method of legislation is both fair and efficient.

However, when the bill goes to the President, a different situation is presented. He has no opportunity to give effective consideration to each item. He must sign or veto the bill as a whole. Because of this situation many improper appropriations are made which would not occur if the Executive had an opportunity to consider each item separately.

This raises the question of the necessity of a separate item veto in appropriation bills. Presidents Grant, Arthur, and Hayes during their respective administrations recommended a constitutional amendment giving the President such authority. I would, of course, favor such an amendment. However, it seems to me that the result can be accomplished without amending the Constitution.

In the hope of creating some interest in this problem, I have today introduced a bill along this line. It is purely suggestive. There are probably other and better methods of solving this problem legislatively.

I realize there is considerable dispute about the constitutionality of such procedure as a Presidential veto of separate items in an appropriation bill, but I hope to set out in my extension of remarks reasons which convince me that such legislation is constitutional.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield.

Mr. WOODRUM of Virginia. I am very much interested in the gentleman's statement. The gentleman will probably be interested to recall that in the last session of Congress, or perhaps the session before, an amendment was offered in the Appropriations Committee to one of the appropriation bills and was adopted and reported out by the committee, which gave just the authority that the gentleman has in his bill. It created so much adverse feeling amongst Members and the public, however, that the gentleman from Virginia who is now speaking was severely reprimanded by his colleagues for slipping an amendment into an appropriation bill when the other fellows were not looking.

I may say to the gentleman from Iowa that there is no question about the fact that if the President had the right to veto separate items in appropriation bills that there would be found the finest opportunity really to effectuate economies and deficiencies in government; and when I say "the President," I mean any President, whoever he may be. Frequently he has to face the proposition that he must take it all or nothing; he must sign a bill carrying appropriations which he does not approve and which are not justified, or else scuttle some very worthy object in which he and the country are interested. If it takes a constitutional amendment to give the President this power, the Constitution should be so amended.

The gentleman from Iowa may also recall that the present Chief Executive has expressed himself as feeling that such power in the Executive would be a great help in trying to meet the economic situation.

Mr. GWYNNE. I believe there is not much question about the desirability of such procedure giving the President the right to veto items separately. As I remember it, however, the amendment offered to the appropriation bill to which the gentleman from Virginia referred carried with it the right not only to veto an item but to reduce an item. I doubt the constitutionality of such a provision.

The purpose of this bill I have introduced is simply to express the legislative intent that we consider each item in the bill a separate bill so far as the right of the Executive to veto is concerned. As I say, there is a great deal of difference of opinion as to the constitutionality of the measure and the proper way to accomplish it, but I believe it is a problem that some day will be solved.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield.

Mr. ENGEL. The constitution of the State of Michigan, and likewise the constitutions of many States, contains a provision authorizing the Governor to veto any one item in an appropriation bill. For a number of years until 1931 the Governor of Michigan, in the exercise of the power of vetoing separate items under that provision, also exercised the power of reducing items. In other words, if an item was larger than it should be, he reduced it. The Supreme Court, however, held that under the Constitution he had only the power to veto a separate item. He had the power to veto the entire item, but he could not reduce it. With the handing down of that decision, 90 percent of the benefit of the separate-item veto was gone. After that decision the savings were practically nothing.

I am assuming, of course, that if a constitutional provision of that kind were adopted Congress would have the right to override the Presidential veto by the usual two-thirds' vote.

Mr. GWYNNE. Oh, yes; that would follow, of course. If the President vetoed an item, the item would be sent back to the House and could be passed over the President's veto.

In regard to the matter of constitutional amendments, I may say to the gentleman from Michigan that some 39 States have provisions in their constitutions allowing the Governor to veto items separately. Some States even grant power to the Governor to reduce items. This, as the gentleman from Michigan suggests, is a very valuable power.

I believe that perhaps the best approach to the problem in this Congress would be by way of a constitutional amendment. In the meantime I believe much good could be done by legislation giving the right to veto items separately.

Mr. ENGEL. Mr. Chairman, will the gentleman yield further?

Mr. GWYNNE. I yield.

Mr. ENGEL. To illustrate the point I made with reference to the savings brought about in Michigan during the time the Governor exercised the power of reducing items as well as vetoing separate items—suppose Congress appropriated 50 percent more than the President recommended for a certain activity. Without the power to reduce the item the President would either have to veto or approve the entire item. The amendment, whatever it be, should specifically provide that the item should come back to Congress for reconsideration so that it could override the veto by the usual two-thirds' vote.

Mr. GWYNNE. Does not the gentleman believe that if the President had the right of vetoing separate items, especially an item that carried more money than he thought it should, that Congress then should have the opportunity to reduce it by its own action?

Mr. ENGEL. The difficulty is that the President does not act on a great many bills until after Congress has adjourned.

Mr. GWYNNE. Undoubtedly.

We usually think of legislation as an exclusive function of the Congress. The Constitution provides in article I, section 1 that "all legislative power herein granted shall be vested in a Congress of the United States." However, in article I, section 7, the Constitution also gives legislative powers to the President in the following language:

ART. I, Sec. 7. Every bill which shall have passed the House of Representatives and the Senate, shall, before it becomes a law, be presented to the President of the United States; if he approve he

shall sign it, but if not he shall return it, with his objections, to that House in which it shall have originated, who shall enter the objections at large on their journal, and proceed to reconsider it. If, after such reconsideration, two-thirds of that House shall agree to pass the bill, it shall be sent, together with the objections, to the other House, by which it shall likewise be reconsidered, and if approved by two-thirds of that House, it shall become a law. But in all such cases, the votes of both Houses shall be determined by yeas and nays, and the names of the persons voting for and against the bill shall be entered on the journal of each House respectively. If any bill shall not be returned by the President within 10 days (Sundays excepted) after it shall have been presented to him, the same shall be a law, in like manner as if he had signed it, unless the Congress, by their adjournment, prevent its return, in which case it shall not be a law.

The courts have held that this provision confers upon the Executive legislative power. The legislative power of the Executive is purely negative in character, and even that power of negation is subject to being overruled by a two-thirds vote of Congress. In brief, Congress is the sole repository of affirmative legislative power—that is, the power to say what the law shall be. The Executive has only the power to say that a certain measure adopted by Congress shall or shall not be the law. However, the right and duty of the Executive to exercise this negative power as his judgment dictates, is as clearly expressed in the Constitution as is the right and duty of Congress to perform its part of the legislative function. This is clearly borne out, not only by the language of the Constitution, but by the history of the veto power in Anglo-Saxon government.

The courts have, on many occasions, acted to protect this exclusive affirmative power of legislation in the Congress, and have declared unconstitutional certain laws wherein Congress had sought to delegate this power to someone else. However, the duty of maintaining the integrity of the Executive veto in a practical sense is left largely to the Congress itself. For example, in this present bill each separate item might be presented as a separate bill, or Congress might take the other extreme and put all the appropriations for 1 year in a single bill.

Many of the States in order to preserve to the executive an efficient and practical veto power have adopted constitutional amendments authorizing the Governor to veto an item separately. At least 39 States have such a provision. As opposed to this plan of protecting the integrity of the Executive veto by constitutional provision, the Federal Constitution leaves the matter to the good faith of Congress. The Constitution is, after all, not a mere compilation of legalistic rules. It is rather the pattern of a certain philosophy of government. It states general principles rather than detailed procedure. The fundamental object of the Constitution was to create a government of laws as distinguished from a government of men. It sought to accomplish this by dividing the powers of government among three independent and coordinate branches, each one of which should be a check on the other. It is to this fundamental principle rather than to any mere declaration in the Constitution that the citizen must look for the protection of his property, his liberty, and even his life. The Constitution does little more than to create these three branches and draw the line between them. It seeks to maintain that division for all time by setting up certain checks and balances. In the last analysis, however, the preservation of that form of government is not to be sought in any mere words written on paper, but rather in the acceptance of that philosophy of government of which the words themselves are the mere evidence. Such a government can only be maintained if each independent branch thereof recognizes the rights and duties of the others, and protects them as actively as it protects its own.

In the matter of legislative procedure, the Constitution simply says:

ART. I, SEC. 5. Each House may determine the rules of its proceedings.

This was intended as a broad and comprehensive grant of power and has so been recognized by all three branches of the Government. In construing the right of Congress to

make rules, the Supreme Court has said, in *United States v. Ballin* (144 U. S. 1)—

It (the House of Representatives) may not by its rules ignore constitutional restraints or violate fundamental rights, and there should be a reasonable relation between the mode or method of proceeding established by the rule and the result which is sought to be attained. But within these limitations, all matters of method are open to the determination of the House, and it is no impeachment of the rule to say that some other way would be better, more accurate, or even more just. It is no objection to the validity of a rule that a different one has been prescribed and in force for a length of time. The power to make rules is not one which once exercised is exhausted. It is a continuous power, always subject to be exercised by the House and within the limitations suggested, absolute and beyond the challenge of any other body or tribunal.

In that case, the Supreme Court called attention to the fact that the Constitution required the presence of a quorum, but set up no method of making this determination and that it was therefore within the power of the House to prescribe any method which would be reasonably certain to ascertain the fact. The right of Congress to make rules for the purpose of legislation is so broad and final that the Supreme Court accepts the complete law as it has passed Congress and been signed by the President and deposited with the Secretary of State, as the law which passed the House in accordance with their rules, and will not have recourse to the Journals of the respective Houses to prove the contrary.

Attention has been called to article I, section 7, which provides that—

Every bill shall be presented to the President of the United States.

Webster defines a bill, as follows:

A form or draft of a law presented to a legislature but not yet enacted, or before it is enacted; a proposed or projected law.

The term "bill" as used in the Constitution does not have any definite or technical meaning and apparently had none at the time of the adoption of the Constitution. It is simply a vehicle for carrying proposed law through the legislative bodies. There is no constitutional requirement that it shall be in any particular form, or that it shall contain any designated elements. It is simply a device by which the legislative will is expressed concerning suggested legislation. Neither usage nor constitutional limitation requires us to attach any technical or restricted meaning to the word "bill" which will prevent the carrying out of the real intent of the framers in adopting the Executive veto. We must, as in all construction of the Constitution, look to substance and not to mere form.

Article I, section 7, simply means that all legislation which has passed the Congress must, before it becomes a law, be presented to the President. The intent of the Constitution is that legislation shall be a result of the meeting of the minds of the Congress and of the Executive, the former affirmatively creating the legislation and the President exercising his right of affirming or denying. The method by which this result is to be accomplished is left largely to the discretion of Congress.

The House has already adopted substantially similar procedure in regard to private bills. Under our present rules we group a number of private bills in one omnibus bill. When such omnibus bill passes the House it is broken up again into private bills and each private bill goes separately to the Senate.

On a final vote on any bill each Member of the House votes for the bill as a whole. It is presumed that he exercised his right of affirmative legislation as to each item thereof during its consideration in the House. At least, the rules of the House give him that right. When the majority finally adopts a measure it does it with the understanding that it must all be affirmed or all vetoed by the President. There is no constitutional reason why the majority could not adopt the final result of its efforts with the understanding that items could be vetoed separately. All that is required is that there must be a mutual understanding between the executive and the legislative branches of government.

A somewhat similar situation has arisen between the legislative and judicial branches in decisions on the constitution-



ality of separate parts of statutes. Sometimes these separate parts are so interwoven that neither can stand alone. In that case the unconstitutionality of one will carry all down. Many times, however, statutes contain separate provisions capable of operating, even though the rest of the statute is declared unconstitutional. The Court, in that case, is confronted with the question as to whether or not the Congress intended part of their work to remain if the whole were not held constitutional. In deciding that point the Court seeks to determine the intent of Congress in passing the statute. In so doing a separability clause; that is, a declaration by Congress that it is its intention that a part of the statute should survive, even though other parts are held unconstitutional, is usually respected by the Court.

Mr. CASE of South Dakota. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. SHAFER].

Mr. SHAFER of Michigan. Mr. Chairman, in reading the printed hearings on the pending legislation I have found some very interesting testimony by General Hines, of the Veterans' Administration, relative to the practice of making compulsory deductions from the wages of civilian employees of veterans' hospitals for quarters, subsistence, and laundry, regardless of whether these facilities were utilized. I am happy to observe that, at last, General Hines has been made to realize some of the hardships that he has forced upon these employees of the Veterans' Administration and their families because of this practice.

I congratulate the members of the Appropriations Committee in exacting from General Hines the pledge that the practice of compulsory deductions for quarters, subsistence, and laundry shall cease except in cases where these services are actually used.

As I understand these hearings, General Hines has pledged that he will take immediate steps to abolish this practice. I shall await his administrative order with great interest. In the past I have found General Hines to be the most procrastinating procrastinator of all time, and I will not believe he is in earnest in this matter until his administrative order is issued. In the meantime, I shall continue to press for action on my bill, No. 2402, which would abolish this practice by legislation.

I note in the hearings that General Hines would much prefer that this matter be worked out as an administrative measure rather than as the result of legislation. If that is the case, then I warn General Hines to get busy, for most Members of this Congress believe as I do, and it would not be a difficult task to obtain the necessary number of names on petition No. 16, now on the Speaker's desk, which would bring H. R. 2402 to the floor of the House.

For the purpose of the record, many demands have been made upon General Hines to abolish the practice of making compulsory deductions for services not used by Veterans' Administration employees. Little attention was paid to these demands, most of which were made by Members of Congress.

More than a year ago I accompanied my colleague the gentleman from Michigan [Mr. ENGEL] on an inspection tour of the veterans' facility at Camp Custer. At that time we ascertained that the Veterans' Administration was actually making a profit from the deductions that were being made there. In fact, the net pay of many of the employees of that institution was \$42.02 per month, as the result of the practice of compulsory deductions. In many cases these men were maintaining families in homes removed from the hospital reservation.

Following his investigation, the gentleman from Michigan [Mr. ENGEL] made a report in writing to the Honorable JOHN RANKIN, chairman of the World War Veterans' Legislation Committee. I inserted this report in the Appendix of the CONGRESSIONAL RECORD, volume 84, page 471.

So far as I know, the Veterans' Administration paid no attention to this report, which I now ask unanimous consent to include in my remarks at this point.

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The report follows:

FEBRUARY 4, 1939.

HON. JOHN RANKIN,  
Chairman, World War Veterans' Legislation Committee,  
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: In accordance with your instructions, I visited the veterans' facility at Camp Custer, Mich., on December 8, 1938, and beg leave to make the following report:

1. Description: The Veterans' Administration facility at Camp Custer, Mich., is a veterans' hospital for mental and nervous cases.

2. Capacity: The official capacity of the hospital is 1,070. On December 8, 1938 (the date of inspection), there were 21 on the waiting list, 8 of whom had been notified to report.

Two new buildings are under construction at the present time with W. P. A. funds which will provide for 166 and 358 beds, respectively, within a year. The total capacity of the facility, including the 2 new buildings, will be 1,534. This will be adequate for present and immediate future needs.

While equipment is generally good, there are numerous beds which have been in use since the beginning of the hospital, in 1924, and should be replaced.

3. Ration and per capita cost: The average cost of the ration of the hospital is 45.4 cents per day. The ration includes the cost of preparing the food, overhead, etc. Guests and employees pay for meals. The total per capita cost, including ration, clothing, housing, overhead, and salaries, and all other costs, except capital investment, from November 1, 1937, to October 31, 1938, was \$1.67. Out-patient cost was \$1.94 per patient, including transportation.

4. (a) Nurses: Nurses work 5 days a week 7½ hours, and 1 day a week for 5 hours; holidays, 6½ hours a day. Each nurse works 1 month in 6 on night duty, with 1½ days off a week. Night nurses work 12 hours a night, or 66 hours a week. Nurses work on an average of 47½ hours a week. All nurses are under civil service.

(b) Attendants: Day attendants work on an average of 55 hours a week, while night attendants work on an average of 66 hours a week. The average for the year is 52.5 hours per week. These attendants are not under civil service, but expect to be on February 1.

5. Pay: Hospital attendants' pay ranges from \$1,020 a year to \$1,612 a year for head attendant. The majority are in the \$1,020-per-year class. These attendants are compelled to live, as a rule, at the hospital, and the Veterans' Administration deducts \$396 a year from their salaries for quarters, subsistence, and laundry, leaving the employee a net amount of \$52 per month actual cash with which to support a family. After February 1, under the civil-service laws, there will be another deduction of 3½ percent, or approximately \$3 a month, for retirement, leaving the attendant \$49 per month.

I have a list of the attendants, showing the number of dependents, and wish to give the following illustration of a typical case:

Salary	\$1,020.00
Quarters, subsistence, and laundry	396.00
Retirement deduction under civil service	35.70
Total deduction	431.70
Balance	588.30
Net pay per month	49.02

Dependents to support: Wife, four children—16, 14, 12, and 7 years of age, respectively.

There are numerous other employees receiving from \$1,020 up to \$1,260 per year with from one to six or seven dependents each. In one instance a messenger is receiving \$1,200 per year with a \$450 deduction, which will be increased to approximately \$490 after the 1st of February, leaving him \$710 a year or \$60 per month with which to support himself, a wife, and six children.

I was amazed to learn that the Government is charging these employees with and deducting from their salaries \$22.50 per month for a ration that costs the Government (in 1938) an average of 45.4 cents a day, or \$13.62 per month. When employees take 30 days' leave, the Government deducts the \$22.50 for the 30 days in addition to quarters and laundry, although the employee was absent and did not actually eat the food.

The Government makes the following profit from each of these employees a year:

Subsistence charged against the employee, 12 months at \$22.50 a month	\$270.00
Cost of ration, 335 days in the year, at 45.4 cents a day	152.90
Profit on each employee	117.10

While these employees are charged with quarters, subsistence, and laundry for themselves, they actually have to pay the same house rent, light, heat, and fuel for their families as though they lived at home. They also have to buy food, clothing, medical care, etc., for the family—all out of \$49 a month.

\*Congress, on the recommendation of the President, passed a minimum-wage and maximum-hour law. This law will ultimately require industry to pay a minimum wage of 40 cents an hour and will limit the hours of employment to 40 hours a week. These attendants, working for the United States Government, work as long as 66 hours a week with a year-around average of 52.5 hours a week, and receive as low as 37 cents an hour pay, out of which the Government takes \$396 a year for quarters, subsistence, and laundry, and will take, after February 1, \$36 a year for retirement

pay. This little employee who is charged with this amount is paying the Government, according to these figures, \$117.10 a year profit. There are 44 attendants with from 1 to 7 dependents in this class.

There are 52 attendants with an equal number of dependents receiving from \$1,080 a year to \$1,260 a year with \$396 Q. S. L. deduction, plus a deduction of 3½ percent retirement pay after February 1. There are a total of 137 in this lower-paid employee class, each of whom contribute \$117 to the Government each year in profit. The total profit the United States Government makes on these 137 low-paid employees amounts to \$16,029 a year for Camp Custer alone. Multiply this by the number of hospitals or employees, and we find the United States Government, through the Veterans' Administration, is doing a land-office business with enormous profits, upon which there is no income or other tax levied.

As a member of the Appropriations Committee of the House of Representatives, I watched Congress dish out \$21,000,000,000 in various ways during the past 2 years. During the same 2 years I have seen that same Government take \$32,000 in profits out of these low-paid employees at Camp Custer, who are trying to support from one to seven dependents on as low as \$49 a month. I understand that this condition prevails in practically every similar institution in the United States, and that the total amount the Government takes out of these low-paid employees runs into thousands of dollars.

No employee should be charged more for ration, subsistence, or quarters than the actual cost. Married employees should not be compelled to live at the hospital unless absolutely necessary, and then they should be given additional compensation to enable them to live and support their family decently.

I was rather anxious to have Dr. H. G. Clarke, the superintendent, take me personally through the institution, which he did. We visited practically every ward. The fact that the patients knew Dr. Clarke and that Dr. Clarke knew the patients and their condition evidenced the fact that he had been making his inspection trips through the hospital frequently. Dr. Clarke has a personal knowledge of every detail in this institution and knows personally both patients and employees. Basing my opinion on the inspection of the hospital which I made, I think Dr. Clarke is doing a splendid job and is getting results.

Sincerely yours,

ALBERT J. ENGEL.

Members of Congress who read the above report, I am sure, will agree that the practice of making compulsory deductions is unfair, undemocratic, and un-American. It is high time General Hines recognized this fact. It is gratifying to know that he has promised concrete action in the matter.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. SHAFER of Michigan. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I may say to the gentleman there was no disagreement in the committee on the subject whatsoever, and, further, the Administrator of the Veterans' Administration was thoroughly cooperative in working this matter out. I might also add that the work of the gentleman who now has the floor, the gentleman from Michigan, was recognized in some of the informal discussions on the subject. The study he had made was given consideration, and it was recognized that the bill he had introduced was supported by a large number of the Members of the House, which was one of the factors taken into consideration in working out this problem.

Mr. SHAFER of Michigan. I thank the gentleman.

Mr. HOOK. Will the gentleman yield?

Mr. SHAFER of Michigan. I yield to the gentleman from Michigan.

Mr. HOOK. In connection with the gentleman's studies, can he tell us how much more this will cost than under the present method?

Mr. SHAFER of Michigan. The amount is contained in the hearings.

Mr. CASE of South Dakota. Those figures are given on page 613, part 1 of the hearings.

Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. Mr. Chairman, in looking over the Budget for the fiscal year of 1941, there comes to mind the story of the young man who when asked if he could do what seemed an almost insurmountable task answered, "With the help of the Lord and a good outfield, I believe I can do it."

After rather carefully studying this Budget, I am afraid that Congress is going to need that same kind of help if we

are to live up to the suggestions contained in the President's message.

All of us have heard the saying that "Good things come in small packages." Likewise it seems that big things are subjected to small attention. Tucked away, barely noticeable in the entire list of words in the dictionary we find a small word, "if," defined as "on the condition that." A little word, but what a meaning it carries. What a control it exerts over the everyday life and intentions of all people throughout the world. What an answer it oftentimes brings to a problem, well on the way to a favorable solution, only to find the machinery thrown completely out of gear and off direction because of a little insignificant word "if" to which we paid little heed.

And so it is with the Budget for the fiscal year 1941. No important document ever found so many "ifs" in the path of fulfilling its purpose as the present suggested Budget. This particular document certainly might well be termed an "if" Budget.

The President suggested in his message on this subject that the Congress do certain things in the way of needed appropriations for the coming year. He suggests expenditures of eight and four-tenths billion dollars, not including old-age insurance payments. His guess as to income for the year is approximately five and one-half billion dollars, leaving a deficit of two and nine-tenths billions. The present year the deficit will approximate three and nine-tenths billions.

From the two and nine-tenths deficit the President expects a decrease of seven hundred millions realized through a return of surplus funds from the various Government corporations. In addition, the message contemplates raising four hundred and sixty millions in new taxes. Should all Presidential expectations materialize, the net deficit for 1941 would be about one and seven-tenths billions.

Without close analysis the possibility of an eventual balancing of the Budget in the near future as pictured by the President's message seems bright indeed. But—and here is where the little "ifs" begin to creep into the whole scheme.

First. Will Congress make an honest effort to comply with the President's suggestions or has an example been set during the past 7 years of deficit financing and disregard for amounts spent which declares to the citizenry that we can spend our way to prosperity and that there is always more money where the first moneys came from? Are the people of our country in the frame of mind to expect more and more from the Government and are they organizing to get it? Have they given up in many instances of trying to help themselves by declaring to all, "Uncle Sam will take care of me"? When will they say, "We must not ask Congress for too much, let us not ask for more and better projects, let us not ask for subsidies, let us not get ours if the other fellow seems to be getting his, let us not get some for ourselves while denying that same privilege to others? Are we ready to call off pressure groups and say we will all take our reductions as they apply to each and every one of us as good citizens? The answers to these questions will dominate the action of Congress but is subjected to "ifs" of all kinds.

Second. Will the return from capital structure of the various Government agencies yield a seven hundred million item which can be deducted from expenditures? The gentleman from Virginia [Mr. WOODRUM], acting chairman of the Appropriations Committee, stated in his remarks the other day that he did not know how this was to be done, that he had not figured it out, and that this was the headache of the executive branch of the Government. Certainly, if Mr. WOODRUM cannot tell us how this item will materialize, then no one else in the House knows, for we are all aware of the fact that the gentleman from Virginia is one of the most able and well-informed Members of the Appropriations Committee, and a Member who at the moment and for several years past has been intent in his efforts to start balancing the Budget. Accordingly one must conclude the whole item is an "if" proposition, and only time will bring forth the answer.

Third. Will Congress in an election year see fit to institute new taxes to raise the suggested \$460,000,000 for national de-



fense? At the moment the whole country is tuned to the thought that our Government must make additional preparations for an adequate national defense. It is true, they say, we need a larger standing army, a bigger navy, and more and more airplanes. All these items, naturally, are desirable only for defense purposes. Congress, too, feels the desirability of more efficiently setting our house in order from a defense standpoint. If the Government had sufficient funds available, there is little doubt but that ample appropriations for national defense would easily be forthcoming from the Congress. But if new taxes must be laid to meet the additional sums asked for defense, will the Congress so readily jump to check writing unless the money is borrowed? Furthermore, we cannot all forget the days of ups and downs within the ranks of our defense forces throughout the recent decades. Before the World War we needed but small appropriations for defense, but suddenly that war caused us to start on a terrific program of expansion. We never finished the task started because the war ended and we believed the world had been made safe from all future wars. The peace conference after the war saw us scuttle and destroy the greatest navy the world had ever seen had we completed our adopted program of that time. Yes; we did this in the interest of peace, and let it be said to the everlasting credit of America that our action was one of the most magnificent gestures toward peace that the civilized world has ever known. Following that peace agreement and up until very recent years, when trouble again started among our neighbors across the seas, national defense was a matter of secondary importance. But once more we find that expenditures for defense are again desirable and necessary, even to the point where taxes may have to be levied to meet such expenditures. But, again, will Congress lay these taxes "if" they can keep from it?

Fourth. Is the estimate on income for the fiscal year an accurate amount or purely a guess? History since 1932 records many guesses which have missed their mark by wide margins. Frankly, this item must be one of conjecture and hope together. We all hope; but "if" the guess is poor, hoping will not pay bills.

Drawing a conclusion, we face the undeniable fact that our Budget is based on "ifs," guesses, and hope. What the result of it all will be remains to be seen. The President now places the responsibility, after all these years, of saying to the Congress, "You can now spend the money, but be sure you know where it is coming from first, or levy taxes for it." Congress, of course, must do its part in an honest endeavor to travel the road that enables income and outgo to strike a balance. The Chief Executive must in no uncertain manner honestly make every effort to hold up his end of accomplishing this same purpose. To longer delay the day when we start to put our house in sound economic order is only to invite disaster. Should our Budget by every stroke of good luck conceivable be brought into position where the fiscal year of 1941 shows an operating deficit of one and seven-tenths billions, that will be but a step in the right direction.

We must realize that should this be done, and accepting as correct the figures presented, we, nevertheless, will find ourselves within \$62,000,000 of our total authorized national debt limit. I hope we can stay within Budget estimates. Let us not stretch the rope any tighter in attempting to learn if we can survive under a larger debt load. Remember, our carrying charge on the public debt is now over a billion dollars annually and at the lowest interest rates in the history of our country. That amount of money was sufficient to run our great Government back in the days prior to the World War period. Of course, we do not want to go back to those days; but neither do we want to get too far ahead by mortgaging to the limit the future of the generations to come.

It is easy to talk, but talk will not balance a Budget. Lip service makes for promises that never seem to be fulfilled.

We must reduce our expenditures, cut out some of the unnecessary functions of Government and duplication of effort, and at the same time increase our revenue. This is a strong challenge to the Congress and the people of our Nation. But do it we must, and the sooner the better; for once

we face the end of our borrowing possibilities, then it will be too late.

The President is on record as saying:

Too often in recent history liberal governments have been wrecked on rocks of loose fiscal policies. We must avoid that danger.

Those words are as true today as when uttered in 1933.

Members of the Congress, let us all sit tight, act courageously, and exert every possible and reasonable effort to start on the road toward balancing our Budget. A start is being made in this first appropriation bill. If we start in the right direction, we will contribute in no small measure to business recovery. Confidence in Government will again be restored, and we will be building on a sound and sane economic foundation. [Applause.]

Mr. CASE of South Dakota. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I was not in the House when the letter of the President on the proposed Finnish loan was read. In the last few minutes I have been glancing over it. As far as I understand the letter from the President, it recommends that the Congress provide additional money for loans by the Export-Import Bank to foreign nations.

Reading in the press that the President would make a definite recommendation what should be done by the Congress in loaning money to Finland in its great emergency, I assumed that such a loan was urgent and that a request would be made upon the Congress to make the money available immediately. The Prime Minister of Finland is reported to have said that all the sympathy Finland had received would not help them one iota in carrying on the war or to carry the war to Moscow. The main point seems to be that if we are going to act at all we ought to act now. If there is this great need in Finland for immediate relief, which I agree there is, and if the Congress is to consider the issue at all, it should consider it immediately, and should consider the loan to Finland separately from all other loans for various sound reasons. Finland is the one nation that has paid its debts to the United States of America and deserves special treatment from the American Congress, representing the American people. I believe I am safe in saying that at least 90 percent of the American people are not only in sympathy with Finland in its hour of need and distress but would rejoice if the Congress could do something within its power to afford immediate relief to those in distress and suffering in Finland at the present time.

As I understand this recommendation—and possibly I have not had time to go into it carefully enough—it makes no direct recommendation but simply suggests that the Congress in due course should make provision for more money to the Export-Import Bank, which can then make loans not only to Finland but to other nations as well, not even naming the nations. I am not at all sure the Congress of the United States is prepared to set up an agency of the Government to loan money right and left to various nations. This is either an emergency recommendation or it is not. If it is an emergency proposal and applies solely for a loan to Finland, it ought to be considered immediately as involving a great emergency.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. Why cannot Finland borrow money from the Export-Import Bank just as China has been doing? China borrowed \$25,000,000. Such procedure would certainly be more neutral than to bring a bill into this Congress on that subject.

Mr. FISH. Finland has already borrowed \$10,000,000 from the Export-Import Bank, or rather, has already made arrangements to borrow it. I do not believe the Export-Import Bank has that \$10,000,000. Only \$1,000,000 of the \$10,000,000 has been used. However, I believe the Reconstruction Finance Corporation has agreed to underwrite the balance, \$9,000,000, whenever it is needed.

It has been very seldom that I have risen in recent months to uphold the administration on any of its foreign policies.

Ever since the President of the United States started, a year or more ago, to talk about quarantining certain nations I have been opposed to his foreign policies, and the whole Pandora's box of measures short of war, of determining the aggressor nation, of economic sanctions, and of provocative acts that are leading the United States directly into foreign wars. However, I am glad to rise now to uphold the President in part of the recommendation he has made to the Congress.

In his recommendation he states that no money shall be used to buy arms, ammunition, or implements of war. He uses the generic words "implements of war." I am entirely in accord with him on that principle. We in Congress must not finance foreign wars. We cannot remain neutral and still put up the money to send arms, ammunition, and implements of war to any nation in the world; but there is nothing inconsistent with American neutrality in making loans to foreign nations, particularly if the money is to be spent for food and clothing and other supplies except armaments. I may say that I am speaking for myself individually and not in my capacity as ranking minority member of the Committee on Foreign Affairs, and I want my Republican friends to know this. I want to do everything in my power consistent with American neutrality to help the Finnish people right now, before it is too late, not only by sending them foodstuffs and clothing but by sending them goods manufactured in the United States, including copper, gasoline, and trucks, or anything we manufacture, except arms, ammunition, and implements of war. This is what the President recommends, and I believe it is what the American people want us to do.

Finland stands by itself, not in the same category as other nations. Finland is the only nation in the world that has paid or is paying its debt to us. I was in Finland last summer and was deeply impressed by the democratic and peaceful spirit of the Finnish people, and, although I may be carried away with my sentiments, I say, "Thank God for little honest Finland." There is no more democratic people in the world than the Finns, and there is no nation in the world that is more friendly to the United States. The Finns are the frontline bulwark against Communism today and deserve both our sympathy and financial support. I am absolutely sure that 80 to 90 percent of our people want us to do something definite to help Finland in its hour of trial and distress as long as we keep within the confines of American neutrality and do not endanger America by becoming involved in any foreign wars.

Making foreign loans like this is nothing new. We have made such loans for years. We made loans to Finland back in 1919 for the relief of the Finnish people. We loaned them \$8,000,000, and they have been paying installments on that debt regularly. I am in favor of canceling that debt, which amounts to approximately \$8,000,000.

This proposal involves exactly the same principle, of lending money to a foreign nation to relieve distress and man's inhumanity to man.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. Would the gentleman include airplanes in the category of manufactured goods?

Mr. FISH. I certainly would not, because airplanes are included in implements of war. The President uses those definite words, and it is understood at the State Department that airplanes are included in the category of implements of war.

That is why I am upholding the President's request. I regret he has not been more specific, that he has not come in here and asked for a definite sum of money for Finland instead of including other nations.

If we are to act, we must act now, because in a few months from now, when the snow goes and the summer months come, it is not conceivable that little Finland—little honest Finland, with 300,000 soldiers, can resist the might of Soviet Russia with millions of soldiers and great natural resources,

for long unless she has funds to provide for her people and to feed and clothe her army. If they are to continue their resistance now and be able to oppose the Communists in the future, they must have certain resources at their disposal—not necessarily arms and ammunition, but trucks, gasoline, and many things that we produce and manufacture in the United States, including food and clothing.

I repeat, for the benefit both of the Democrats and the Republicans—I am speaking my own individual views—but I see nothing that jeopardizes American neutrality under our own laws and under international law in making a loan right now to Finland in order to help them in their present emergency. [Applause.]

[Here the gavel fell.]

Mr. FITZPATRICK. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. Hook].

Mr. HOOK. Mr. Chairman, on January 3, at the beginning of this session of the Congress, I introduced a resolution authorizing a loan of \$60,000,000 to Finland, an unrestricted loan, to meet the general requirements of that nation. Let me say at this point that if we have a will to help, it must be an unrestricted loan. An authorization to the Export-Import Bank or the R. F. C. will not help the Finnish nation.

The whole question is whether we are going to dilly-dally around about this question or whether we are going to have nerve enough to carry on negotiations with that nation as we have in the past. She has paid her debt and her credit is good.

This might seem like a foolish statement, but, officially, Finland is not at war. Yes; Russia has invaded Finland and we were a good neighbor to Finland. Previous to the time of that invasion we were carrying on peaceful negotiations with her, friendly negotiations with her, and the question in my mind is this: Is a neighbor a less good neighbor because some big bully picks on her? Finland is just as good a neighbor to us today as she was before she was picked on by Russia. If Finland was good enough to borrow in this Nation some \$125,000,000 since the World War and pay back all but about \$12,000,000 or \$13,000,000, then she is good enough to lend to now when she is in need.

An Export-Import Bank loan or an R. F. C. loan will do no good. We have authorized a \$10,000,000 loan to Finland under the Export-Import Bank and she has used less than \$1,000,000. It is tied up with restrictions that make it impossible for her to use it to meet the best requirements of that nation. Let us stop dilly-dallying; let us bring a bill out here on the floor of the House and let us stand up and vote. If we do not want to help Finland, let us say so on the floor of this House. Do not kill it in committee. Let us bring it out and see whether we want to make a loan for the general requirements of that nation. If that nation wishes to use it for any purpose whatsoever, of course, that is up to her. We should not tell her how she is going to use the money we lend her.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. HOOK. I yield.

Mr. BLOOM. Will the gentleman kindly explain for the benefit of the Members the rules of the Export-Import Bank and why this money is restricted?

Mr. HOOK. Because of the fact she must use it for the buying of civilian commodities in this Nation. She must lay down a bill of lading for every single, solitary thing she gets.

Let me make this statement. There is not any doubt, in view of the stress Finland is under now, that in all probability her currency may be affected. With a \$60,000,000 loan she may be able to stabilize and protect her currency, but she cannot do that by a loan from either the Export-Import Bank or the R. F. C.

Mr. BLOOM. That is a general rule, and it is not a rule that is made just with respect to this loan to Finland. That is a rule of the Export-Import Bank.

Mr. HOOK. That is a rule of the Export-Import Bank; yes.

Finland is fighting the communistic red horde, the godless government, which threatens the whole civilized world. I



have heard Members here propose the breaking off of diplomatic relations with Russia. I agree this is very commendable if it is offered sincerely. There is something that is far more important, however, and that is to help Finland with aid short of war to break the threat of the Stalin communism, which is a menace in all peace-loving democracies of the world.

If you are sincere in your attitude against communistic movements, then aid Finland in her valiant stand by voting for an unrestricted loan to be used for the general requirements of that nation.

Mr. FITZPATRICK. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I did not intend to say anything about this Finnish situation at the present time until the remarks of the gentleman from New York [Mr. FISH] and his assertion that the President has made no specific recommendation. The President, of course, has not said in this letter to the Speaker that there is only one way to do this thing, and that it was to be done in that way or not at all. If he had, then there would have been a tremendous storm of criticism that the President is dictating to the Congress in what way it shall do a kindly turn to Finland. The President speaks of "ways" in his letter it may be done; that more money might get to Finland at this time; and it appears to me that he is rather specific in this. In other words, he expresses a preference, saying that he thinks this is probably the better way. The letter reads that the most reasonable approach would be action by Congress authorizing an increase in the revolving credit fund of the Export-Import Bank and authorizing the Reconstruction Finance Corporation to purchase loans and securities from the Export-Import Bank to enable it to finance the exportation of agricultural surpluses and manufactured products not including implements of war. The gentleman from New York does not feel exactly as I do about the recent neutrality debate and action had in the House. Taking the other side from him, I stated that I thought we were passing an act to help us remain neutral; in fact, legally neutral; that that was the best way to keep this country out of involvement in this European situation. I still think that, and I do not want to do anything here that would run counter to the statements some of us made.

We have already under the law loaned Finland \$10,000,000, or have given them credit in this country for \$10,000,000. That money has been placed already to their credit, and they are using it for the purchase of agricultural surpluses. When they get those agricultural surpluses on the high seas, they can trade them, if they do not need them in Finland, to anyone they please, besides the United States, or its manufactures, for whatever implements they think will be the most helpful to them at the present time. As far as I am concerned, and I speak for myself alone, I would not like to see the United States Government under the direction of the Congress start making direct loans to any country involved in this war. [Applause.] We say that we want to help Finland. I agree with the gentleman from New York [Mr. FISH] that 90 percent of the people or probably a larger percentage of the people look with horror upon the rape of Finland by Russia, and I believe they are in sympathy with Finland, but if we make a direct loan out of the Treasury to Finland authorized by Congress, then we may have other little friends who would get into trouble, and some of the nations that now appear to be strong, may in defense of their rights and territories become weak.

Many questions are involved. The American people are the most peaceable and the most conservative people upon the face of the earth, and I am thankful for that every day, but they are also an inflammable people when goaded to a certain point by cruelties and barbarity. By our action and by our words in this House and in the Senate and in the executive branches of the Government I want this country to be as temperate as our feelings will allow us to be. Of course, we are legally neutral, but no law, no body, can control the spirit of people. Therefore, in reply to the gentleman

from New York, I say that the President has made a specific recommendation to the Congress—not saying that this is the only way to do it, but that it is within the discretion of Congress, as he said in his letter, to do as Congress pleases, but he suggests that this is probably the best way to do it. As far as these loans are concerned, let me repeat what I said in a rambling way a moment ago. If Finland gets credit for agricultural surpluses in this country to the extent of 10 or 15 million dollars through the Export-Import Bank and the Reconstruction Finance Corporation, and does not want those agricultural products, she can trade them for other products she does want, and it is no business of ours, and she can take the money she gets from the sale of those agricultural products and divert it for any other purpose.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. MASSINGALE. Did Finland apply for this loan or is it being agitated simply by some Members of Congress?

Mr. HOOK. Mr. Chairman, may I answer that?

Mr. RAYBURN. No; I prefer to answer it myself than to not answer it. Frankly, I do not know whether the ruling heads of Finland have made a direct application, but I know their representatives in the United States have been very inquiring about this matter.

Mr. MASSINGALE. They would take the money, in other words?

Mr. RAYBURN. They would, and I think the American people would like to see them get it. If it does not involve the sale of war materials, I think the American people would be glad to have them get it, and I think it would in no way involve us any more in the quarrels of Europe than we are involved at the present time.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HOOK. Mr. Chairman, I ask unanimous consent to revise and extend my own remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, we had tentatively agreed that the Committee should rise at 4 o'clock, but some other matters have arisen which have prolonged the debate. I had tentatively promised to yield time to the gentleman from Indiana, so with the acquiescence of the gentlemen on the minority side, I now yield 35 minutes to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Chairman, in the old "horse and buggy" days—an era that had its virtues as well as its shortcomings—"Bring 'im up short" was an expression commonly used in rural Indiana, where I was born and raised at a time when the wilderness was more a fact than a memory.

When a fractious horse was bent on running away, someone would yell to the driver in the buggy, "Bring 'im up short!" and the driver would dexterously jerk the reins, applying all of his muscle to the operation, bringing the horse up on his haunches in an almost perpendicular position. This was a good thing for the horse, as it taught him discipline and obedience. It was a good thing for those in the buggy, for it tended to insure their safety and security. The mouth is a tender part of the horse's anatomy and the probabilities always were that after being brought up short a few times the most fiery charger would become docile and obedient.

I am recalling this pastoral of my boyhood because I think it conveys a lesson that ought to be applied right now to our national appropriating and debt situation. I would like to see the administration and Congress and everybody connected with the preparation and passing of laws brought up short on the question of runaway spending. Statistics and data I shall present will be submitted with the view to leading our public officials and the country to a realization of how far we have really gone in piling up the most stupendous debt of all time and how vitally necessary it is that we shall call a halt and make a start toward a balanced Budget.

I have a misgiving that my feeble muscle will not be equal to the task of bringing Congress and the executive establishments up short in this matter of prodigious spending. My associate on the Appropriations Committee, the gentleman from Pennsylvania, BOB RICH, has patiently and untiringly devoted himself to that worthy undertaking and his muscle has failed. During the last regular session of Congress, especially, the gentleman from Pennsylvania [Mr. RICH] every day staged a little bring-'em-up-short performance all his own in the House of Representatives.

Regularly as clockwork, as soon as the reading clerk concluded his intonation of the daily Journal, the gentleman from Pennsylvania [Mr. RICH] would rise in his place, strike a bellicose pose, and call the attention of the House to the orotund proportions of the national debt and the luxuriant growth of the national deficit. Every day witnessed exactly the same exhilarating proceeding. As soon as the gentleman from Pennsylvania [Mr. RICH] would begin reading from the Treasury statement the membership, or a large part of it, would start to give him the raspberry. As the boos swelled in volume the voice of the gentleman from Pennsylvania [Mr. RICH] correspondingly rose in crescendo. In the final episode, with jeers and catcalls almost raising the roof, the gentleman from Pennsylvania [Mr. RICH] would yell in a voice that ordinarily could have been heard as far as the Washington Monument: "Where are you going to get the money?" and having put that shot across the congressional bow he would sit down, his face beaming with satisfaction.

There are fundamentals of government on which the gentleman from Pennsylvania [Mr. RICH], and I never could agree, the irreconcilable differences between a Hamiltonian Republican and a Jeffersonian Democrat, but I join him in wondering "Where are we going to get the money?" and I shower upon him my warmest accolade for the public service he renders in using his leather lungs to call attention to the gargantuan proportions of our national debt and our national deficit.

#### HOPE EXPRESSED THE HARRISON RESOLUTION WILL NOT BOG DOWN

I am moved to speak at this time and in this way because I am afraid that Senator PAT HARRISON's plan for a joint committee of 24 Members of Congress—12 Representatives and 12 Senators—to coordinate revenues and expenditures will bog down in the House, and that would be a disaster which I trust will not happen. I hope and pray that the House leadership will not discard Senator HARRISON's proposal out of hand, without benefit of clergy, or treat it too lightly. It may be crude and it may need to be perfected by amendments, but it contains the germ of something worth while; something very fine and good; something that may become useful to the country in opening the way to a more businesslike administration of our national fiscal affairs. Its primal virtue would be in bringing into closer and more harmonious relations the revenue-raising and revenue-spending branches of our National Legislature. In the case of a business establishment, if the sales department is stymied by hard times and nothing is coming in, the purchasing department sensibly decides that now is not the time to give the president a new automobile or purchase a statue of the founder of the company for the front office. Something like the same common-sense coordination and cooperation for our National Government is envisioned in the Harrison proposal. The Harrison committee would cost nothing and it would create a large cohesive group to fight for balancing the Budget. I cannot see how such a committee could possibly do any harm, and I can conceive much good coming out of it in the years to come. The Harrison resolution has passed the Senate and is now pending before the House Rules Committee. I hope the House leadership will not oppose it and throw cold water on it, and that we shall be permitted to vote on it.

I am all the more cordial toward Senator HARRISON's resolution because it embraces an idea I have long had in my own mind. Last August I gave out an interview proposing

the creation of a committee on fiscal planning, "to facilitate the balancing of the Budget and to keep it balanced." At that time I gave the press the following statement explaining the proposition:

#### PROPOSED COMMITTEE ON FISCAL PLANNING

The new Committee on Fiscal Planning, or, in short, the Planning Committee, which I now for the first time propose, would establish a mechanism which would enable the Government to do for itself what every prudent businessman does in his own business. The businessman, if he is wise and forelooking, avoids going into debt, by first making a survey of prospective revenues and then cutting his cloth accordingly, so as not to exceed his income. The Planning Committee I suggest would have seven members—the chairman, ranking majority member and ranking minority member of the House Committee on Appropriations, the chairman, ranking majority member, and ranking minority member of the Ways and Means Committee; and the Director of the Budget. The Ways and Means Committee raises the revenues to support the Government; the Appropriations Committee appropriates the revenues, and the Director of the Budget coordinates the spending agencies. If these seven officials would get their heads together, they might accomplish much for the cause of economy by planning a campaign to make the revenues cover the appropriations annually and thus wipe out the deficit—a consummation devoutly to be wished. There is now no cooperation whatever between the revenue-raising and appropriating agencies. While such a planning committee would not be proof against big spending, it would be, I believe, a constant force operating in favor of a balanced Budget and a measured economy, especially if its plans are given widespread publicity so as to attract the support of a wholesome public opinion. A report from such a committee that a particular Treasury-raiding bill would be against the program of the Planning Committee and contrary to the public interest might have a deterrent effect in preventing unnecessary expenditures. It is a plan worth trying.

At this point in my remarks I shall present to the House the full text of the resolution I have introduced for the creation of a Committee on Fiscal Planning.

It is as follows:

#### Joint resolution to create a Committee on Fiscal Planning

*Resolved, etc.,* That there is hereby created a Committee on Fiscal Planning, to be composed of the chairman, ranking majority member, and ranking minority member of the House Committee on Appropriations, the chairman, ranking majority member, and ranking minority member of the Ways and Means Committee, and the Director of the Budget.

SEC. 2. The Committee on Fiscal Planning is directed to make a study of United States Government finances with a view to coordinating revenue and spending activities, reducing appropriations wherever it is feasible to do so, and ultimately eliminating the gap between Federal revenues and Federal expenditures.

It will be noted that my proposal does not embrace any Senators in its make-up. This is due to the fact that revenue and appropriation bills necessarily originate in the House and some sticklers for constitutional procedure and the prerogatives of the House may insist that my plan is preferable to that of Senator HARRISON, but my own reaction is that since the committee's functions are to be only advisory it may be wiser to strive for the wider accord which may be accomplished by joining a group of Senators with a group of Members of the House, thus bringing into closer relations a large group associated with the money-raising and money-spending functions of government.

I propose now to discuss a subject which I believe is uppermost in the minds of our people and that is the mounting cost of government. At the outset I want to make it plain that in every fiber of my being I am a Democrat, an old-fashioned liberal—a Jeffersonian Democrat, if you please—and I forswear none of my cherished and ingrained Democratic principles when I criticize big spending. Rather, on the contrary, I believe that I reassert orthodox and true Democratic principles, for the tutelage of Thomas Jefferson upheld and extolled economy as a primal virtue to be scrupulously applied in government. Our present national administration has done enough fine, constructive things to justify an honored place in history, such as its superb handling of the banking situation, the guaranty of bank deposits, the suppression of blue-sky vendors, the saving of innumerable farms and city homes from the sheriff's hammer, its care for the naked and starving, and so forth, in all of which splendid achievements I have been happy, within my limitations as a Congressman, to be a contributing factor. I yield to no one in my warm



personal regard for Franklin D. Roosevelt and my admiration for his noble heart and humanitarian purposes, and I am not going to enter upon any hair-splitting dissertation to try to fix the responsibility for phenomenal spending, because I believe the executive and legislative departments are about equally responsible. All of the Members of Congress and all of the executive officials with whom I am acquainted come within the scope of my encircling love and I am not going to criticize any of them.

But I am fed up on big spending. I have voted against \$8,000,000,000 of appropriations during the 10 years I have been a Member of Congress, and as I look backward my only regret is that I did not vote against more of them. I am sick and tired of seeing money scoop-shoveled out, as if the Treasury has no bottom. I believe that excessive spending not only atrophies business but weakens our national security and safety. Jefferson held that public debt leads to misery and decay; and I shudder when I think of the mortgage big spending is placing on our children and our children's children down to the remotest generation. I am genuinely fearful that unless the bung hole is plugged, the time is coming when we shall run headlong into the awful evils of (1) inflation, (2) repudiation, or (3) national bankruptcy, and then, unless the brakes can be applied, something still worse.

Whatever justification there may have been at one time for big spending as a stimulant to business and recovery, no longer exists. If we have a few more spurts of colossal spending, business, already in a state of suspended animation, will pass out with as loud a groan as its anemic condition will permit, and recovery, always skittish and hard to catch, will definitely and finally conclude that its place is not around the corner.

Our national debt has pirouetted upward to staggering proportions, and many thinking citizens, amazed and bewildered by present and continuing demands on the Treasury, are beginning to express wonderment and apprehension over where big spending is leading us.

#### A LOOK AT THE SPENDING PICTURE

Let us take a look for a moment at the spending picture. I agree with the late Speaker Reed that ours is indeed a billion-dollar country, but I am loath to believe that it is a thirteen-and-a-half-billion-dollar country, measured in terms of annual appropriations, especially when our expenditures are running three and a half billion dollars in excess of our revenues, and there is no way under heaven, on the basis of our present taxation, to make tongue and buckle meet until the heavy spending subsides. The appropriations of the recent regular session of Congress, including permanent annual appropriations and reappropriations, make up the amazing total of \$13,480,216,000.39, the record of all peacetime appropriations in American history.

The Committee on Appropriations has authentic appropriation figures for every year since 1873, and we have an exact gage of how appropriations have been running year by year for 67 years. I know it will make the eyes of the big spenders bug out when I quote figures taken from the records showing how spending has pyramided recently, and if those who analyze these figures do not agree with the gentleman from Pennsylvania, Bob Rich, that we are headed straight for national bankruptcy unless a halt is called, I shall despair of the accuracy of their reasoning. In 1880 the population of the United States, as shown by the census taken that year, was 50,155,783. The unofficial estimate of the population in 1940 is 130,000,000. Population in the six decades has increased a little more than two and a half times. Now let us take a look at the appropriation chart. In 1880 Congress appropriated \$338,865,031.29 to run the Government. In 1940 the appropriations total \$13,480,216,000.39. In other words, while population has increased two and a half times the appropriations are 40 times greater in 1940 than in 1880.

#### AN AMAZING COMPARISON

And here is a comparison that will make the spenders jump: The total appropriations made by the United States

Congress from 1890 to 1910, a period of 20 eventful, expanding years in the history of our great American commonwealth, amounted to \$12,982,473,918.85.

The appropriations made at the single session of Congress that adjourned on August 5, last, amounted to \$13,480,216,000.39. By a little process of simple subtraction we find that Congress at the recent session spent \$497,742,081.54 more than the total appropriations of the 20 years from 1890 to 1910. Lest there may be doubting Thomases who will question these facts, I quote from the committee records the official figures of appropriations for the years mentioned:

1890.....	\$395,430,284.26
1891.....	463,383,480.46
1892.....	524,381,815.60
1893.....	507,376,397.53
1894.....	519,535,293.31
1895.....	492,477,759.97
1896.....	496,982,585.01
1897.....	515,852,380.27
1898.....	528,735,878.33
1899.....	892,656,775.65
1900.....	698,912,982.83
1901.....	705,653,298.01
1902.....	730,241,862.51
1903.....	801,682,773.42
1904.....	752,741,659.25
1905.....	781,288,214.95
1906.....	818,191,283.26
1907.....	881,953,644.09
1908.....	919,163,823.18
1909.....	1,006,431,726.96

Total..... 12,982,473,918.85

And here is another comparison that will curl the hair, metaphorically speaking: The total appropriations of the United States Government from 1873 to and including 1917, the year we entered the World War, were \$27,946,170,839.85. The last regular session of Congress appropriated approximately half as much as was appropriated during the entire 44 years from 1873 to 1917!

The year 1890 was another census year. The total population as shown by the census that year was 62,947,714, almost half the population that is estimated in 1940. The total appropriations for 1890 were \$395,430,284.26. The appropriations made at the recent session for the year 1940 were in amount 35 times greater than the appropriations for 1890. In 1900 when the next census was taken the appropriations were \$698,912,982.83 in a country of 75,994,575 population. With 50,000,000 more people, or less than 70 percent increase in 1940 compared with 1910, the appropriations for 1940 exceed the appropriations for 1910 nineteen times. Skipping to 1930 when the official census showed America with a population of 122,775,046, only about 7,000,000 less than the official estimate of the 1940 population, the appropriations were only about one-third of the appropriations of the recent session, or in other words \$4,665,236,768.04 against \$13,480,216,000.39.

Peacetime regular appropriations for Army and Navy show the following growth:

Army: 1875, \$27,788,500; 1917, \$267,596,530; 1940, \$723,187,871.

Navy: 1875, \$20,813,946.70; 1917, \$313,300,555.84; 1940, \$773,049,151.

In presenting these figures I am not challenging the wisdom of adequate national defense, which appears to be necessary in a war-torn world, but not all of our appropriations have as good justification as our defense appropriations.

#### COMPARISON WITH CIVIL WAR ERA

The total expenditures of the United States Government for the 5-year Civil War period from the fiscal year 1862 to the fiscal year 1866, inclusive, were \$4,173,189,827. This included the appropriations necessary to finance the greatest war in history up to that time. Yet for the year 1940, when the United States is at peace with the entire world, our appropriations of \$13,480,216,000.39 are more than three times the expenditures of the Civil War period. Could any national treasury, even the treasury of the richest nation in the world, stand a continuation of such a strain?

I shall be unfortunate if I may have created the impression that the Appropriations Committee is responsible for permitting appropriations to be pyramided to dangerous heights. Wherever the fault rests it certainly is not primarily with the Appropriations Committee. As now constituted, the Appropriations Committee, under the leadership of that grand elderly statesman from Colorado [Mr. TAYLOR], is an economy-minded committee, and it stands ready to assist him in bringing the big spending program to an end. I make this statement flat-footedly and I will stick to it, but always with the reservation that the committee will do whatever may be necessary to relieve human distress. In this great land of ours, dedicated to Christian ideals, people must not be allowed to go hungry and naked.

#### APPROPRIATIONS COMMITTEE ECONOMY-MINDED

The Committee on Appropriations, like every other standing committee of the House, is a creature of Congress, subject to congressional direction. If the House, whether pursuant to Executive recommendations or on its own initiative, passes bills authorizing the expenditure of vast sums of money, the Appropriations Committee is helpless. It cannot go on a sit-down strike and refuse to make the appropriations that are specifically authorized. Heat vigorously applied from above would not permit that. It sometimes ignores authorizations unless the pressure gets too hot, and sometimes it appropriates only a part of the amounts that have been authorized and gets away with it. But always the House, being the creator of the Appropriations Committee, has the whip hand, and it can force the committee to live up to the authorizations.

Authorization bills are the bete noir of the economist. Those bills are eternally knocking the economy program into a cocked hat. In these days, when the United States Treasury is as bare as Mother Hubbard's cupboard, the language of an authorization bill is a laugh. It reads:

There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated—

And so forth. Is there anyone in America with imagination elastic enough to lead him to believe that there is as much as a thin dime in the United States Treasury that is not "otherwise appropriated"?

And right here let me reiterate that the President is not alone responsible for all of our astronomical appropriations. Congress must bear a share of the blame, and the vehicle through which Congress usually acts when it wishes to put a drain into the Treasury is the authorization bill.

#### EVILS OF BLANK CHECK

This brings me to the "blank check." One of my first and foremost recommendations is that Congress shall eschew henceforth and forevermore the blank-check appropriation. Every dollar appropriated by Congress should pass the keen scrutiny of the Appropriations Committee and be justified by competent evidence. In the last few years vast sums have been appropriated en bloc to administrative officials in the form of so-called blank checks, and as a result we have witnessed time after time the allocation of funds through administrative allotments for purposes which the Appropriations Committee had previously flatly rejected. This is subversive of our theory of government. Under our constitutional system appropriation measures must originate in the House, and the House should assume full responsibility.

Summarizing, I recommend:

First. No blank checks.

Second. No further appropriations except for the most essential purposes until the Budget can be balanced.

Third. The creation of a committee on fiscal planning to facilitate the balancing of the Budget and to keep it balanced.

When I say that for the time being, at least until we can get the Government a little way out of the hole, we should suspend appropriations for nonessentials, I am giving what I believe to be one of the most salutary bits of advice I have to offer. When I speak of nonessentials I refer to such improvements as reclamation projects, roads, river and harbor construction, public buildings, and a large variety of other

similar projects and improvements which, however desirable in flush times, can wait, now that our Government is on the edge of bankruptcy. On the one hand we have been spending enormous sums on reclamation projects to bring more land into productivity while on the other hand we have been killing little pigs and converting them into soap grease and plowing under every third row of cotton. How can we reconcile such inconsistencies?

And roads. Although the country is now beribboned from the Atlantic to the Pacific and from the Great Lakes to the Gulf with hard-surfaced highways, there are those who would empty the mythical contents of an empty Treasury and place a bondage of debt on our great-grandchildren to build still more roads, forgetting that the cement dealers and equipment men get a large percentage of every dollar spent for road building.

#### SAVINGS BY ELIMINATING NONESSENTIALS

From 1933 up to and including the fiscal year 1940 our Federal appropriations for roads amounted to the prodigious total of \$2,884,700,000. This includes both regular and emergency road funds. Of this amount, \$1,893,700,000 has been disbursed through the Public Roads Administration of the Department of Agriculture and \$991,000,000 through the three emergency agencies, W. P. A., C. W. A., and F. E. R. A. I wonder how many of our citizens can realize the magnitude of this outlay of the taxpayers' money on road building during the last 7 years. Perhaps it can be fairly well understood from the fact that it amounts to more than \$4,000 for every day since the birth of Christ. In the interest of the retrenchment so vitally needed to reassure business and to bring about recovery, public-building construction can well wait awhile, as can improvement work on rivers and harbors.

There is nothing essential about reclamation projects, public roads, river and harbor works, and public buildings. The wise course is to put these and other nonessentials over without prejudice until better times. We have constructed public buildings all over the United States during the last 6 years but on top of these lavish expenditures we now find a demand for a new building program so that every member of Congress may have another new building in his district. In the name of common sense I do not know why every Member of Congress should get a new post-office building any more than a lighthouse or a Federal penitentiary. The needs of the public service and not the wants of suffering Congressmen, should be the sole guide in establishing these buildings, and there are congressional districts—plenty of them—where it is cheaper, more sensible, and just as satisfactory to the public to rent post-office quarters as it would be to invest a relatively large amount of Federal funds in a building not justified by the widest stretch of the imagination.

I have tried to show you the big spending picture. It is a sorry picture. It is a frightening picture, when we consider that we are already right up against the statutory debt limit. My motive in speaking is to call the attention of Congress, the executive establishment, and the country to what I believe is a very dangerous trend threatening a national debacle, and to recommend the enactment of the Harrison resolution as a possible means toward getting our national finances in better order. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill H. R. 7922, the independent offices appropriation bill, had come to no resolution thereon.

#### EXTENSION OF REMARKS

Mr. HOOK. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein a speech given by Colonel Knox at Chicago.

The SPEAKER. Without objection, it is so ordered.

There was no objection.



By unanimous consent, Mr. WHELCHER and Mr. TENEROWICZ were granted permission to extend their own remarks in the RECORD.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent that in connection with the remarks I made this afternoon in Committee I may include a letter printed in the Appendix of the CONGRESSIONAL RECORD, volume 84, page 471, from my colleague from Michigan [Mr. ENGEL], to the gentleman from Mississippi, the Hon. JOHN RANKIN, chairman of the World War Veterans' Legislation Committee.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today and include a few extracts and tables from the hearings.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

By unanimous consent, Mr. FISH was granted permission to revise and extend his own remarks in the RECORD.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. RISK (at the request of Mr. SANDAGER), for the balance of the week, on account of important business.

#### SENATE ENROLLED BILL SIGNED

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 1554. An act to provide that the district judge for the western district of Washington, authorized to be appointed under the act of May 31, 1938, shall be a district judge for the eastern and western districts of Washington.

#### BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on Monday, January 15, 1940, present to the President, for his approval, a bill of the House of the following title:

H. R. 5118. An act for the relief of the State of Ohio.

#### ADJOURNMENT

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 19 minutes p. m.) the House adjourned until tomorrow, Wednesday, January 17, 1940, at 12 o'clock noon.

#### COMMITTEE HEARINGS

##### COMMITTEE ON NAVAL AFFAIRS

There will be a hearing Wednesday, January 17, 1940, at 10 a. m., before the Committee on Naval Affairs, on H. R. 7665, to establish the composition of the United States Navy, to authorize the construction of certain naval vessels, and for other purposes.

##### COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold hearings at 10 a. m. on the following dates on the matter named:

Friday, January 19, 1940, 10:30 a. m.:

H. J. Res. 424, to authorize the United States Maritime Commission to acquire certain lands in St. Petersburg, Fla.

Tuesday, January 23, 1940:

H. R. 200, to amend section 4370 of the Revised Statutes of the United States (U. S. C., 1934 ed., title 46, sec. 316).

Tuesday, January 30, 1940:

The following hearing was at first scheduled for Friday, January 5, but was later postponed until Thursday, January 25, 1940. Now it has been postponed again, this time being Tuesday, January 30, 1940, at 10 a. m.

H. R. 7357, to amend section 4472 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 465) to provide for the safe carriage of explosives or other dangerous or semidangerous articles or substances on board vessels; to make more effective the provisions of the International Convention for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods; and for other purposes.

Tuesday, February 6, 1940:

H. R. 7527, to make effective the provisions of the Minimum Age (sea) Convention (revised), 1936, and for other purposes.

Wednesday, February 7, 1940:

Hearings will be continued Wednesday, February 7, 1940, at 10 a. m., on H. R. 6130, to provide for mandatory or compulsory inspection and permissive or voluntary grading of fish, fishery products, fishery byproducts, shellfish, crustacea, seaweeds, and all other aquatic forms of animal and vegetable life, and the products and byproducts thereof, and for other purposes.

Tuesday, February 13, 1940:

H. R. 1780, to amend section 7 of the act of June 19, 1886, as amended (U. S. C., 1934 ed., Supp. III, title 46, sec. 319), relative to penalties on certain undocumented vessels and cargoes engaging in the coastwise trade or the fisheries, and for other purposes.

H. R. 5837, to amend section 221 of the Shipping Act, barring certain aliens from participating in the benefits thereof.

H. R. 6770, to amend Revised Statutes 4311 (U. S. C. 251).

H. R. 7694, to amend section 4311 of the Revised Statutes of the United States.

##### COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization, Wednesday, January 17, 1940, at 10:30 a. m., in re calendar assignment of committee.

##### COMMITTEE ON INVALID PENSIONS

The Committee on Invalid Pensions will hold public hearings in the committee room, 247 House Office Building, at 10 a. m., on the following dates on the matters named:

##### CIVIL WAR

Wednesday, January 17, 1940:

H. R. 917. A bill to amend Public Law No. 190 of the Sixty-sixth Congress.

H. R. 1666. A bill granting pensions and increase of pensions to widows, former widows, and children of certain soldiers, sailors, and marines of the Civil War, and for other purposes.

H. R. 2208. A bill to amend Public Law No. 190 of the Sixty-sixth Congress.

H. R. 3386. A bill to amend Public Law No. 190 of the Sixty-sixth Congress.

H. R. 6716. A bill to recognize for the purpose of the pension laws the service in the Civil War of certain members of the Fifty-sixth Regiment Illinois Mechanic Fusileers.

H. R. 6909. A bill to amend Public Law No. 190 of the Sixty-sixth Congress.

H. R. 6927. A bill to amend Public Law No. 190 of the Sixty-sixth Congress.

H. R. 7728. A bill granting an increase of pension to widows of veterans of the Civil War.

##### SUBMARINE OR AIRCRAFT DISASTERS

Friday, January 19, 1940:

H. R. 6532. A bill to provide pensions at wartime rates for disability or death incurred in line of duty as a direct result of submarine or aircraft disasters.

##### INDIAN WARS

Monday, January 22, and Tuesday, January 23, 1940:

H. R. 1006. A bill to adjust the rate of pension to soldiers of the Indian wars who served 90 days or more in active service against hostile Indians, and for other purposes.

H. R. 3996. A bill to pension men who were engaged in or connected with the military service of the United States during the period of Indian wars and disturbances.

H. R. 4924. A bill to adjust the rate of pension to soldiers of the Indian wars who served 90 days or more in active service against hostile Indians, and for other purposes.

H. R. 4991. A bill to pension men who were enlisted in the military service of the United States during the period of Indian wars and disturbances, and the widows of such men, and for other purposes.

H. R. 4999. A bill to increase the rates of pension in the case of soldiers who served 90 days or more in the Indian wars during the period from 1817 to 1898, and to grant pensions to widows of soldiers who so served in such wars.

#### DEPENDENTS OF REGULAR ESTABLISHMENT VETERANS

Thursday, January 25, and Friday, January 26, 1940:

H. R. 7191. A bill to make more equitable provision for pensions for the dependents of deceased veterans of the Army, Navy, Marine Corps, and the Coast Guard.

H. R. 7522. A bill to equalize the pensions payable to the dependents of veterans of the Regular Establishment with those payable to dependents of veterans of the World War whose death is due to service.

H. R. 7652. A bill to grant pensions and increase of pensions to widows and dependents of certain deceased members or former members of the military or naval service.

H. R. 7734. A bill to equalize the pensions payable to the dependents of veterans of the Regular Establishment with those payable to the dependents of veterans of the World War whose death is due to service.

#### MEDAL OF HONOR PENSIONS

Thursday, February 1, 1940:

H. R. 3385. A bill to liberalize the provisions of the Medal of Honor Roll Act of April 27, 1916.

#### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a hearing before a subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Tuesday, January 23, 1940, on H. R. 6652, to aid consumers by setting up standards of quality based on performance as a guide in the purchase of consumer goods.

NOTE.—This hearing was originally scheduled for Tuesday, January 16, 1940.

Hearings will begin Monday, February 5, 1940, at 10 a. m., before the Petroleum Subcommittee of the Committee on Interstate and Foreign Commerce. State regulatory bodies will be heard first.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1271. A letter from the Secretary of the Navy, transmitting the draft of a proposed bill to authorize the Secretary of the Navy to accept, without cost to the United States, a fee simple conveyance of 16.4 acres, more or less, of land at Floyd Bennett Field in the city and State of New York; to the Committee on Naval Affairs.

1272. A letter from the Secretary of War, transmitting the annual report of the activities of the National Board for the Promotion of Rifle Practice for the fiscal year 1939; to the Committee on Military Affairs.

1273. A letter from the Secretary of the Navy, transmitting the report of the board convened by the Secretary of the Navy to investigate and report upon all matters concerning the Regular and Reserve aviation personnel of the Navy and Marine Corps (H. Doc. No. 566); to the Committee on Naval Affairs, and ordered to be printed with illustrations.

1274. A letter from the Chairman, Securities and Exchange Commission, transmitting a report on fixed and semifixed investment trusts, which supplements the Security and Exchange Commission's over-all report on its study of investment trusts and investment companies made pursuant to section 30 of the Public Utility Holding Company Act of 1935 (H. Doc. No. 567); to the Committee on Interstate and Foreign Commerce, and ordered to be printed, with illustrations.

1275. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to permit the leasing of restricted allotments of deceased Indians in certain cases by the Secretary of the Interior; to the Committee on Indian Affairs.

1276. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to adjust the boundaries of the Cedar Breaks National Monument and the Dixie

National Forest, in the State of Utah; to the Committee on the Public Lands.

1277. A letter from the Acting Secretary of the Interior, transmitting the draft of a bill designed to amend the act of January 17, 1920, authorizing local drainage districts to drain certain public lands in the State of Arkansas, counties of Mississippi and Poinsett, and subjecting said lands to taxation; to the Committee on the Public Lands.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WOODRUM of Virginia: Committee on Appropriations. H. R. 7922. A bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1941, and for other purposes; without amendment (Rept. No. 1515). Referred to the Committee of the Whole House on the state of the Union.

#### CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H. R. 7822) for the relief of John W. Reardon, and the same was referred to the Committee on Naval Affairs.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOODRUM of Virginia:

H. R. 7922. A bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1941, and for other purposes; to the Committee on Appropriations.

By Mr. CANNON of Florida:

H. R. 7923 (by request). A bill providing changes in pay of certain retired officers of the United States Navy; to the Committee on Naval Affairs.

By Mr. SPENCE:

H. R. 7924. A bill authorizing the Veterans' Administration of the United States to accept 500 acres of land in Campbell County, Ky., for the purpose of establishing a home for dependent widows and orphans of veterans of all wars; to the Committee on Military Affairs.

By Mr. RANKIN:

H. R. 7925 (by request). A bill to provide liberalized benefits for disabled veterans and the dependents of deceased veterans; to the Committee on World War Veterans' Legislation.

By Mr. McGEHEE:

H. R. 7926. A bill to amend the District of Columbia Unemployment Compensation Act to provide for unemployment compensation in the District of Columbia; to the Committee on the District of Columbia.

By Mr. VOORHIS of California:

H. R. 7927. A bill to provide for a statutory award of \$10 per month to any World War veteran who was wounded, gassed, injured, or disabled by an instrumentality of war in a zone of hostilities, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. BATES of Kentucky:

H. R. 7928. A bill to increase, up to \$50 per month, the amount of pensions otherwise payable to the widows of those deceased World War veterans whose deaths were caused by their service-connected disabilities; to the Committee on World War Veterans' Legislation.

H. R. 7929. A bill to provide mileage allowance to the authorized attendant of a veteran reporting for examination, treatment, or care, on the basis of the mileage traveled, in advance of the completion of such travel, and for other purposes; to the Committee on World War Veterans' Legislation.



By Mr. COLLINS:

H. R. 7930. A bill granting the consent of Congress to the Mississippi Highway Commission to construct, maintain, and operate a free highway bridge across Pearl River in the State of Mississippi; to the Committee on Interstate and Foreign Commerce.

By Mr. COSTELLO:

H. R. 7931. A bill relating to the retirement of certain commissioned and warrant officers of the Army; to the Committee on Military Affairs.

By Mr. CELLER:

H. R. 7932. A bill to provide for a loan to the Republic of Finland; to the Committee on Banking and Currency.

H. R. 7933. A bill to authorize the Secretary of the Treasury to transfer certain moneys to the Republic of Finland; to the Committee on Ways and Means.

By Mr. DARDEN:

H. R. 7934. A bill to authorize alterations and repairs to certain naval vessels; to the Committee on Naval Affairs.

By Mr. HAVENNER:

H. R. 7935. A bill to amend the Social Security Act and the Internal Revenue Code to extend the coverage of old-age and survivors' insurance and unemployment-compensation benefits; to the Committee on Ways and Means.

By Mr. HOBBS:

H. R. 7936. A bill to amend the act approved August 14, 1937, as amended by the act approved July 19, 1939, by providing that the aid to the several States provided for in such amended bill be extended to bridges on highways which have become a part of the Federal-aid system since August 14, 1937, or which may become a part of such system prior to March 3, 1942; to the Committee on Roads.

By Mr. LANHAM:

H. R. 7937. A bill to exclude from benefits under title II of the Social Security Act individuals employed by fraternal orders in the operation of homes for children or indigent or aged individuals, and to exempt such employees and their employers from taxes under chapter 9, subchapters A and C, of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. LESINSKI:

H. R. 7938 (by request). A bill to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard for service-connected arrested tuberculosis; to the Committee on Invalid Pensions.

By Mr. McCORMACK:

H. R. 7939. A bill to provide for a statutory award of \$35 per month in addition to any compensation payable to a World War veteran for the loss of the use of one or more feet or hands; to the Committee on World War Veterans' Legislation.

H. R. 7940. A bill to so amend the World War Veterans' Act, 1924, as amended, as to eliminate all statutes of limitations on automatic, yearly renewable terms, or United States Government life (converted) insurance policies; to the Committee on World War Veterans' Legislation.

By Mr. MAY:

H. R. 7941. A bill relating to the citizenship and compensation of certain employees on military construction work in the Panama Canal Zone; to the Committee on Military Affairs.

By Mrs. NORTON:

H. R. 7942. A bill to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937, as amended; to the Committee on Labor.

By Mr. PETERSON of Florida:

H. R. 7943. A bill to provide that any World War veteran, suffering from any mental or physical disability or disabilities of a permanent character which totally incapacitates him for the performance of manual labor so as to render him unable to earn a support, shall be rated as permanently and totally disabled for compensation and pension purposes; to the Committee on World War Veterans' Legislation.

H. R. 7944. A bill to provide eligibility for a liberalized definition of permanent total disability, for pension purposes, on the basis of the inability of the individual veteran to earn a support by manual labor; to the Committee on World War Veterans' Legislation.

By Mr. RANDOLPH:

H. R. 7945. A bill to amend section 1262 of the Code of Laws for the District of Columbia; to the Committee on the District of Columbia.

By Mr. ROUTZOHN:

H. R. 7946. A bill to define misconduct, for compensation and pension purposes, as limited to felonious misconduct; to the Committee on World War Veterans' Legislation.

H. R. 7947. A bill to provide eligibility for pension to any war, campaign, or expedition veteran, honorably discharged after 90 days of service or discharged because of disability, for any permanent total disability not the result of his own felonious misconduct; to the Committee on World War Veterans' Legislation.

By Mr. SASSCER:

H. R. 7948. A bill to give double credit for civil-service retirement purposes for certain periods of service in the military or naval forces of the United States outside the continental United States; to the Committee on the Civil Service.

By Mr. SHAFER of Michigan:

H. R. 7949. A bill to amend the District of Columbia Alcoholic Beverage Control Act to provide for the better control of the alcoholic-beverage industry in the District of Columbia; to the Committee on the District of Columbia.

By Mr. PETERSON of Florida:

H. R. 7950. A bill to provide pensions for the dependent widows and orphans of deceased World War veterans, under similar conditions and in the same amounts, as now provided for the dependent widows and orphans of deceased veterans of the Spanish-American War; to the Committee on World War Veterans' Legislation.

By Mr. GILCHRIST:

H. R. 7951. A bill to make Work Projects Administration funds available for the construction of non-Federal buildings where the Federal contribution exceeds \$52,000, if the State legislature has made an appropriation therefor prior to July 1, 1939; to the Committee on Appropriations.

By Mr. WHITE of Idaho:

H. R. 7952. A bill to authorize an appropriation for the construction of small reservoirs under the Federal reclamation laws; to the Committee on Irrigation and Reclamation.

By Mr. VOORHIS of California:

H. R. 7953. A bill to provide a pension of \$60 per month to any World War veteran so permanently disabled as to render it impossible for him to follow a substantially gainful occupation; to the Committee on World War Veterans' Legislation.

By Mr. GWYNNE:

H. R. 7954. A bill to amend an act approved August 26, 1842, relating to appropriation acts; to the Committee on the Judiciary.

By Mr. ALEXANDER:

H. J. Res. 426. Joint resolution authorizing the President of the United States of America to proclaim October 11 General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

By Mr. CANNON of Florida:

H. J. Res. 427. Joint resolution authorizing the Secretary of Agriculture to suspend sugar quota given to Czechoslovakia and to allot same to the sugar-producing area in the mainland of the continental United States which pays the highest wages, maintains the highest standards of living, and has the lowest costs of production; to the Committee on Agriculture.

By Mr. WELCH:

H. J. Res. 428. Joint resolution to provide for participation of the United States in the Golden Gate International Exposition at San Francisco in 1940, to continue the powers and

duties of the United States Golden Gate International Exposition Commission, and for other purposes; to the Committee on Foreign Affairs.

By Mr. HAVENNER:

H. J. Res. 429. Joint resolution to provide for participation of the United States in the Golden Gate International Exposition at San Francisco in 1940, to continue the powers and duties of the United States Golden Gate International Exposition Commission, and for other purposes; to the Committee on Foreign Affairs.

By Mr. TENEROWICZ:

H. J. Res. 430. Joint resolution for the relief of the anguished, stricken, and starving population of war-torn and martyred Poland; to the Committee on Foreign Affairs.

By Mr. HARTLEY:

H. Res. 359. Resolution authorizing the House Committee on the Post Office and Post Roads to make certain investigations; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BATES of Massachusetts:

H. R. 7955. A bill for the relief of Louis Rosenstone; to the Committee on Immigration and Naturalization.

By Mr. CORBETT:

H. R. 7956. A bill granting a pension to Ella B. Crider; to the Committee on Invalid Pensions.

By Mr. GATHINGS:

H. R. 7957. A bill for the relief of Willie Perry; to the Committee on Claims.

By Mr. GIFFORD:

H. R. 7958. A bill for the relief of Littlefield-Wyman Nurseries; to the Committee on Claims.

H. R. 7959. A bill for the relief of Nathan A. Buck; to the Committee on Claims.

By Mr. GRAHAM:

H. R. 7960. A bill granting a pension to Fred L. Lindsey; to the Committee on Invalid Pensions.

By Mr. HAVENNER:

H. R. 7961. A bill for the relief of the State compensation insurance fund of California; to the Committee on Claims.

H. R. 7962. A bill for the relief of the State compensation insurance fund of California; to the Committee on Claims.

By Mr. JENKINS of Ohio:

H. R. 7963. A bill for the relief of Charles Palmer Cornwell; to the Committee on Military Affairs.

By Mr. McGEHEE:

H. R. 7964. A bill for the relief of Thomas L. Hughes; to the Committee on Claims.

H. R. 7965. A bill for the relief of T. G. Ramsey; to the Committee on Claims.

H. R. 7966. A bill for the relief of Mrs. T. G. Ramsey; to the Committee on Claims.

By Mr. RYAN:

H. R. 7967. A bill to provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War of date November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.; to the Committee on Claims.

By Mr. SECREST:

H. R. 7968. A bill for the relief of Nick Cenci; to the Committee on Claims.

By Mr. SMITH of West Virginia:

H. R. 7969. A bill granting a pension to Penira Stevens Williams; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Missouri:

H. R. 7970. A bill granting a pension to Maggie Canter; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6172. By Mr. McLAUGHLIN: Petition memorializing the Congress and the President of the United States, and the Public Works Administration, and the Work Projects Administration of the United States, to approve and make an allocation of funds for a grant and grant and loan to the Cedar Valley public power and irrigation district; to the Committee on Appropriations.

6173. By Mr. MERRITT: Resolution of the National Automobile Dealers Association, recommending provision for adequate protection to automobile retailers and other similar groups, and that the Wagner National Labor Relations Act should be amended at the forthcoming session of Congress; to the Committee on Labor.

6174. By Mr. THOMAS of New Jersey: Resolution adopted by the Warren County (N. J.) Veterans' Association, Phillipsburg, N. J., urging the continuation of the Dies committee with sufficient appropriation; also resolution adopted by the Buick Liberty Motor Post, No. 310, American Legion, Flint, Mich., on behalf of the continuation of the Dies committee with sufficient appropriation to carry on its work; also resolution adopted by the Rochelle Park (N. J.) Post, No. 170, American Legion, on behalf of the continuation of the Dies committee; and also letter from A. C. Clark, president, the Industrial Association of Perth Amboy, Perth Amboy, N. J., advising that the members of that association feel that the Dies committee has done commendable work in investigating conditions and believe that their work should be continued for the next year; to the Committee on Rules.

6175. By the SPEAKER: Petition of the Milwaukee County Industrial Union Council, Milwaukee, Wis., petitioning consideration of their resolution with reference to the Dies committee; to the Committee on Rules.

### HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 17, 1940

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, may we listen to Thy sovereignty over the world. The earth is the Lord's, and the fullness thereof; the world, and they that dwell therein. For He hath founded it upon the seas, and established it upon the floods. Who shall ascend into the hill of the Lord? or who shall stand in His holy place? He that hath clean hands, and a pure heart; who hath not lifted up his soul unto vanity, nor sworn deceitfully. Lift up your heads, O ye gates; and be ye lifted up, ye everlasting doors, and the King of Glory shall come in.

Heavenly Father, undisturbed by haste and unvexed by disappointment, let Thy Holy Word speak to us. Make plain to us that which we have not discerned of Thy truth and wisdom. Through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### ACQUISITION OF FOREIGN CURRENCIES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Speaker, on Monday last the distinguished gentleman from Minnesota [Mr. ALEXANDER] quoted a very serious charge against the Federal Reserve Board and the Federal Reserve System, which, if true, should have immediately received the attention of Congress and especially the Committee on Banking and Currency, of which I am a member. I took the matter up with Mr. Eccles, Chairman of the Board of Governors of the Federal Reserve System,